

sycomore

Mission- Driven Company Report

Preface

“

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.**”

Our mission embodies our view of how we can be useful as an investor: by **taking a long-term approach and working closely with companies as one of their stakeholders – alongside their employees, their clients, their suppliers, the society, and the environment.** Hence the need for us to take a close look at our own practices and behaviour with each and every one of our stakeholders. Our goal is to set an example for our clients and for the companies in which we invest. This report continues our series of responsible investor reports, published since 2011, and mission-driven company reports, produced since 2021.

2023 saw **changes to our governance**, especially the **appointment of Denis Panel as CEO**. We worked together to build **our strategy for 2028**. In addition, we acted on observations made by our independent third party and external members of our mission committee, and revised and clarified the mission-driven goals in our articles of association. The new goals were approved by the supervisory board in December 2023.

During the year, we also **fully applied the EU's Sustainable Finance Disclosure Regulation (SFDR)** to our funds' legal documents as well as our ESG publications.

We continued our work in R&D. We participated in the pilot for the **ACT4FI** (Assessing Low-Carbon Transition for Financial Institutions) method developed by ADEME, the French environment and energy agency, and conducted a **TNFD pilot study** (Task force on Nature-related Financial Disclosures) with I Care by BearingPoint and the NEC Initiative. The study results led us to publicly support its new global framework.

We **bolstered our shareholder engagement efforts**, which included building a coalition of investors to encourage tech companies to address risks to consumers' mental health and taking action at some shareholder meetings.

We maintained our support of the **Fondation Sycomore** and enhanced our commitments to environmental organisations by joining **Orée** and the **Finance for Biodiversity Foundation**. Our participation in **1% for the Planet**, through our Eco Solutions range since 2022, enabled us to fund a second organisation in 2023. In November 2023, our CEO and our Head of Sustainability joined the group of financial leaders working with the **Convention des Entreprises pour le Climat (CEC)** to meet climate goals.

We continued to invest in our human capital, welcoming nine new employees in 2023, and were happy to have a **75-strong Sycomore team** again at the year's end.

This mission-driven company report is for all our stakeholders. It summarises our work, helps to monitor our progress and includes the Mission Committee's opinion on the achievement of our goals. It complements our Sustainability and Shareholder Engagement Report, which focuses on the implementation of our responsible investing policies and details the sustainability performance of our investments, the results of our engagement initiatives and the exercise of our voting rights. It aims to meet the requirements of Article 29 of France's Energy and Climate Law.

We encourage you to share this report and would be happy to hear your feedback. We hope you enjoy the read.



Contents

01

Our mission

- 1. Our goals p. 4
- 2. Our achievements p. 7

02

Our governance

- 1. Organisation and shareholders p. 13
- 2. Sharing the value we create p. 16
- 3. Ethics at the heart of our business p. 16

03

Our client commitments

- 1. Quality service p. 17
- 2. Socially responsible and diverse funds p. 19
- 3. A close and responsive partner p. 23

04

Our human capital

- 1. Our employees p. 25
- 2. Our compensation policy and pay equity p. 26
- 3. Well-being at work p. 28
- 4. Career development and employability p. 30
- 5. Social and Economic Committee p. 32

05

Our impact on society

- 1. Our investments' societal contribution p. 33
- 2. Sharing our management fees p. 35
- 3. Our human rights policy p. 36
- 4. Shareholder engagement p. 37
- 5. The Fondation Sycomore p. 38

06

Our impact on the environment

- 1. Our R&D p. 42
- 2. Our contribution pathway p. 43
- 3. Our results for AUM p. 44
- 4. Our environmental footprint p. 51
- 5. Our engagement initiatives p. 53
- 6. The new global context in 2023 p. 54

01 Our mission

1.1 Our goals

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

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

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

“ We invest to develop 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.** ”

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

In 2023, we chose to revise the mission-driven goals embedded in our articles of association, to sharpen their focus on our material issues, make them more specific to Sycomore AM and better obtain the support of our stakeholders.

Our Supervisory Board approved the four revisited goals in December 2023.

Our four mission-driven goals

1. **Provide investment solutions** offering clients a source of financial performance and enabling them to be part of a more sustainable and inclusive economy.
2. **Measure and enhance the net social and environmental contribution** of our investments, in a rigorous, transparent and understandable manner.
3. **Engage employees** in our mission and co-build a Happy@Work environment.
4. **Promote useful finance** as a driver of change, engaging with investee companies and our ecosystem, including suppliers, partners, shareholders and our foundation.

¹ World Investment Report

MORE ABOUT US

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

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

Developed in-house since 2015, our **SPICE** fundamental analysis model helps us evaluate the business model strength and the social and environmental impacts of the companies in our investment universe, so we can **best understand their risks and opportunities.** Beyond the integration of sustainable development principles into the company's daily operations, our model assesses the positioning of its products and services in response to societal and environmental challenges. It uses **90 criteria**, which our analysts evaluate based on data published by companies, dialogue with other stakeholders, and information supplied by ESG research and data providers.

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

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

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

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

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



1.1 Giving a human dimension to investment

Our four mission-driven goals address our responsibilities and impacts with respect to all our stakeholders, following the example of our **SPICE** analysis model, which is structured around interactions between a company and its stakeholder groups. We believe that a company can only create long-term value if this value is shared with all its stakeholders.

SOCIETY

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

SUPPLIERS

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

PEOPLE

We firmly believe that **employee fulfilment is an essential factor for fostering engagement and ensuring the successful achievement of the company's mission**; we make sure our staff are offered a quality working environment and are attentive to their needs and requests. We conduct surveys of employee engagement every two years and take informed actions based on their outcome. The latest survey was conducted using ChooseMyCompany/HappyIndex®AtWork in December 2022. Employee share ownership is also a key tool for giving employees a stake in the company's success.

INVESTORS

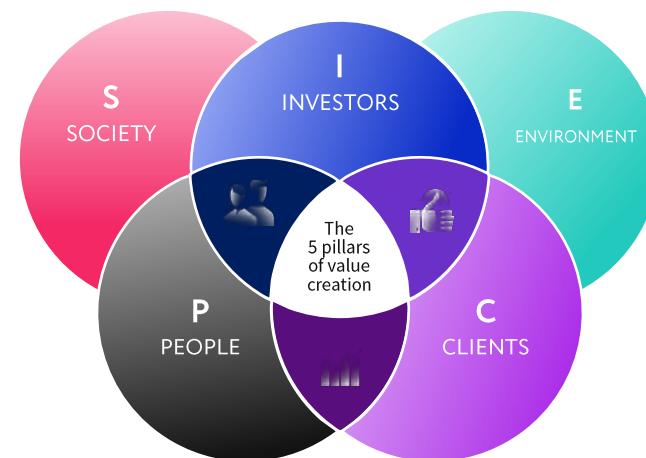
Our approach to investing stems from our conviction that **a company can only create sustainable value if this value is shared among all of its stakeholders**. As a result, the commitments we make to our stakeholders contribute to creating sustainable value for our shareholders. Our business model is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

CLIENTS

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

ENVIRONMENT

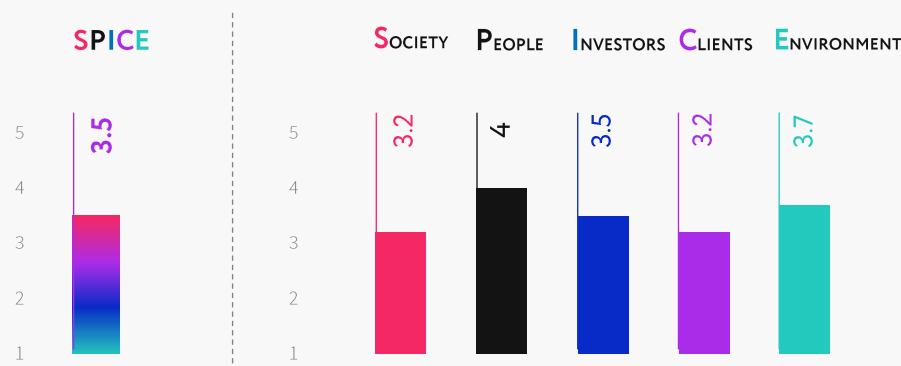
Our impact on the environment is primarily produced by our investments. Our priority is to contribute, through our investments, to the **ecological transition**. Our approach when assessing the contribution of a company's business activities to this transition, described in our [Natural Capital Strategy](#),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



1.2 Our achievements

Our 2022 assessment

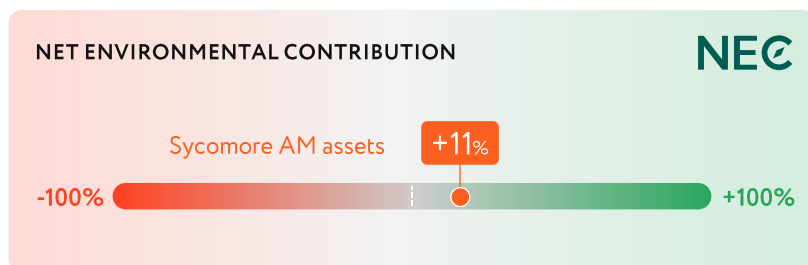
WEIGHTED SPICE RATINGS FOR SYCOMORE AM IN 2022



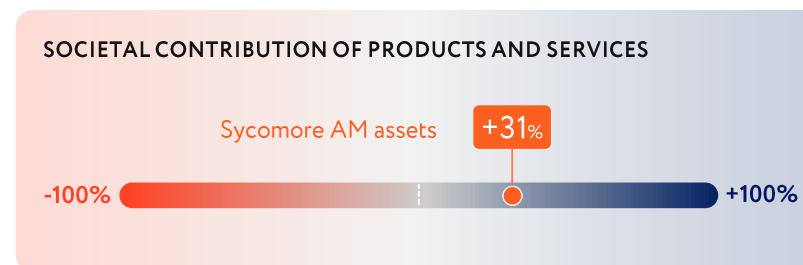
By applying our analysis model to our asset management company, we are setting an example for our stakeholders, such as the companies in which we invest. We are also enabling our continuous improvement by measuring our progress and identifying areas for improvement. We calculate our SPICE rating every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

At the end of 2022, Sycomore AM's SPICE rating was 3.5/5. This above-average rating is a reflection of our responsible investing approach. Our People score, at 4/5, is the highest, attesting to our company's integration of human capital issues and action taken to foster a quality work environment for our employees.

The net environmental contribution of Sycomore's investments was +11% and their societal contribution was +31%. These scores reflect how our investments are directed to companies whose products and services are helping to solve environmental and societal issues.



2022 coverage ratio by weight: 96%



2022 coverage ratio by weight: 99%

1.2 Our achievements

Our progress report

The table below presents the **medium-term targets** for each of our four mission-driven goals and the **action taken and resources deployed in 2023** to meet them. It also shows the main **performance indicators** used to measure our progress towards achieving the goals.

Our progress is assessed on a scale of 1 to 3 stars: ★ **Insufficient** ★★ **Partial progress** ★★★ **Progress aligned with the mission's targets**

GOAL #1

Provide investment solutions offering clients a source of financial performance and enabling them to be part of a more sustainable and inclusive economy.



PROGRESS

SPICE pillars



2023 RESULTS

90% of our assets are SRI-labelled (vs. 91% in 2022)

28% of AUM classified as Article 9 under the SFDR⁴ (vs. 24% in 2022)

69% Article 8 (vs. 72% in 2022)

3% Article 6 (vs. 4% in 2022)

Nine of 15 tenders with an environmental focus

ACTION TAKEN AND RESOURCES DEPLOYED IN 2023

→ Continue to expand our range of SRI funds and enhance our existing funds to create positive environmental and/or societal impacts, especially by maintaining the share of our SRI assets at over 80%

→ More than half of the tenders to which we respond must require specific social or environmental expertise

- Launch of the Sycomore Environmental Euro IG Corporate Bonds fund
- Merger of the Sycomore Partners and Sycomore L/S Opportunities funds, integrating ESG selection criteria to identify companies in a transition phase
- French SRI label awarded to our two global funds, Sycomore Global Happy@Work and Sycomore Global Eco Solutions
- Renewal of labels (French SRI, Umweltzeichen, FNG, Towards Sustainability, Greenfin and Finansol) for other funds following audits

- We responded to 15 tenders in 2023: eight from France, four from Italy, one from Sweden, one from Canada and one from the Netherlands.
- All our responses addressed ESG issues, whether or not required in the specifications.



1.2 Our achievements

GOAL #2

Measure and enhance the net social and environmental contribution of our investments, in a rigorous, transparent and understandable manner



PROGRESS

SPICE pillars



2023 RESULTS

ACTION TAKEN AND RESOURCES DEPLOYED IN 2023

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

NEC⁽¹⁾ +11.1%
(vs. 10.6% in 2022)
48 environmental initiatives
(vs. 54 in 2022)

- Launch of the Sycomore Environmental Euro IG Corporate Bonds fund, whose investment process requires a positive NEC
- Engagement initiatives with companies having a strong impact on the environment, to improve the NEC of their products and services

→ **Include R&D work in the ESG team's roadmap each year**

- Participation in a pilot project using ADEME's ACT4FI methodology
- Adoption of the TNFD framework
- Participation of the investment team in the developing the NEC 1.1 methodology

→ **Maintain our investments' societal contribution above that of the EuroStoxx**

SC⁽¹⁾ +31%
(vs. +31% in 2022)
40 societal initiatives
(vs. 32 in 2022)

- Work on evolving our range of social funds
- Continuous improvement of our methodology for analysing our investments' societal contribution and the metric's continued high coverage of our investment universe

→ **Mitigate negative externalities by applying our exclusion policy and conducting targeted engagement initiatives**

26 human rights initiatives
(vs. 13 in 2022)
with 19 companies

- Publication and rollout of our Principal Adverse Impact policy
- Publication of our first Principal Adverse Impact Statement
- Shareholder engagement initiatives targeting on human rights issues

→ **Communicate clearly and transparently with our clients in publishing quantitative and qualitative ESG information on a monthly and yearly basis**

- Publish transparent and readable Sustainability Performance and Shareholder Engagement reports for all our SRI funds
- Continue monthly reporting presenting sustainability indicators and commentary on our response to controversies and our dialogue initiated with companies

⁽¹⁾ Sycomore AM calculates our investments' NEC and SC using pre-defined methodological frameworks to ensure an objective analysis of the positioning of companies' products and services, and their environmental and societal impacts, respectively. For more information, see the NEC Initiative website (nec-initiative.com), our Natural Capital Strategy and our Societal Capital Strategy.

1.2 Our achievements

GOAL #3

Engage employees in our mission and co-build a Happy@Work environment



PROGRESS

SPICE pillar

P

2023 RESULTS

ACTION TAKEN AND RESOURCES DEPLOYED IN 2023

→ Foster a company culture that promotes respect for employees and their well-being by providing specific training and team-building events

Stress management: training in mindfulness meditation
New €250 culture contribution per year, per employee

- Internal taskforce on initiatives to promote employee well-being
- Revised range of services offered by the Social and Economic Committee
- In-house events: ski seminar, seminar in November 2023, Christmas celebrations for children
- Participation of employees in the Foundation's activities

→ Support employees' skills development by allocating 1.5% to 2% of total payroll to training

Training budget: 1.91% of total payroll
(vs. 1.05% in 2022)

- Responses to individual training needs
- Language lessons
- Public speaking training
- 28 employees participated in one or more training programmes in 2023

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

Workplace gender equality index: 91/100
(vs. 89/100 in 2022)
Gender pay gap indicator: 37/40
(vs. 39/40 in 2022)

- Issue identified as a priority by the board of directors and resources allocated to implement the actions described opposite
- Internal working group to overhaul our compensation policy and committee
- Meetings of the compensation committee to allocate 2023 compensation and define KPIs
- Work on a long-term compensation plan for employees, to complement the existing employee stock ownership plan

→ Involve employees in strategic decisions through frequent discussions between management and employees and regular updates on the plan's progress

28 sessions (105 hours of discussion and brainstorming) to develop the company's five-year strategy

- Employee involvement in the strategy review through participation in working groups in May and June 2023 to which all employees were invited (active involvement of the marketing team and outside consultants for organisation, note-taking and follow-up)
- Presentation of the five-year strategy and the new organisation to all employees in September 2023
- Quarterly progress reports

1.2 Our achievements

GOAL #4

Promote useful finance as a driver of change, engaging with investee companies and our ecosystem, including suppliers, partners, shareholders and our foundation

→ Make shareholder engagement a pillar of our activist investor approach by participating in 200 engagement initiatives per year (new or continued)

→ Participate in the development of sustainable and inclusive finance by working with financial market organisations

→ Share a portion of the value we create with associations, in keeping with our mission while allocating 1% of our operating income to the Foundation



PROGRESS

2023 RESULTS

288 engagements with 91 companies
(vs. 220 engagements with 107 companies in 2022)

€150,000 (1% of operating income) donated to the Foundation
Three new partnerships: Impact Tank, Trois Couleurs and La Fabrique de la Danse

SPICE pillars



ACTION TAKEN AND RESOURCES DEPLOYED IN 2023

- Individual and collaborative engagement initiatives
- Targeted actions at shareholder meetings (TotalEnergies, Engie, Atos and Carrefour)
- Sycomore AM represented in financial market organisations (detailed in our responsible investor report)
- Participation in a draft amendment to France's Green Industry Act to mandate Say On Climate votes
- Response to the European Commission's consultation on the SFDR
- New management team for the Foundation, made up of dedicated Sycomore AM employees
- The Foundation's continued support of 10 non-profits and launch of three new partnerships
- Sharing of €345,000 in fund management fees (the Sycomore Social Impact fund donates to the Fondation Entreprendre and the Eco Solutions range donates to 1% for the Planet)



THE MISSION COMMITTEE'S OPINION ON THE ACHIEVEMENT OF THE MISSION-DRIVEN GOALS IN 2023

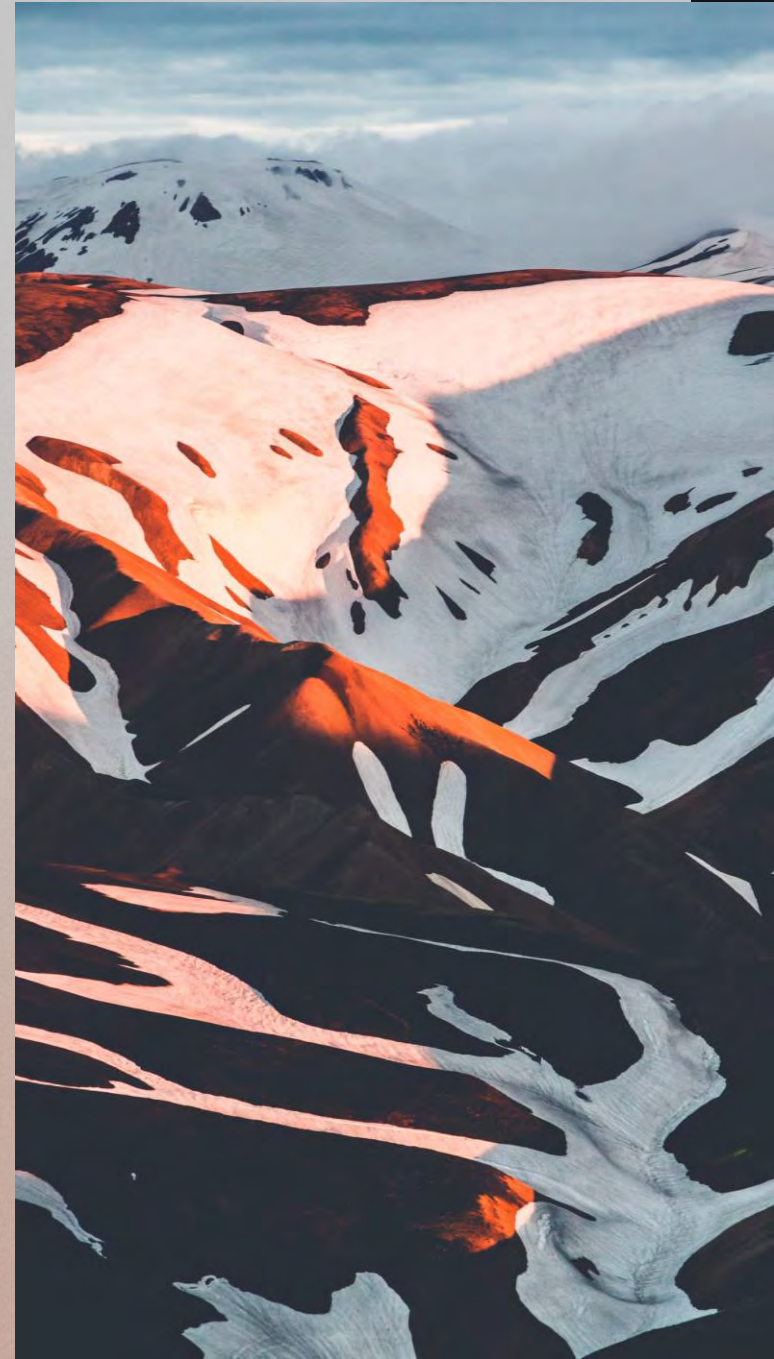
The 2023 achievements and indicator results shown in the progress report demonstrate Sycomore AM's strong progress toward **fulfilling its mission and achieving its four mission-driven goals**. Additional details on our 2023 achievements are provided in the following pages.

PRIORITIES FOR THE COMING YEARS

The Mission Committee identified the following priorities for the coming years:

- **Show clear links between the mission, the mission-driven goals and the strategic roadmap** in implementing our new strategic plan for 2028
- **Set specific multi-year targets** to support the achievement of the mission-driven goals in the coming years
- Implement levers to **raise our investments' NEC** at the pace required to reach the target of +20% by 2030
- **Align the compensation** of all employees with the mission, by setting variable compensation targets specific to each line of work
- Identify and track individual **employee training needs**
- **Communicate transparently on the results of the annual employee satisfaction survey** and the action taken as a result
- **Be transparent about incidents** reported through the whistleblowing system and the action taken in response

In addition to making progress towards our mission-driven goals, Sycomore AM engaged in continuous improvement: we maintained our **taskforce on digital frugality** and updated our **carbon footprint (excluding investments)**. We also aim to reinforce our **responsible purchasing practices**.



02 Our governance

2.1 Organisation and shareholders

OUR STRUCTURE

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



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

In 2023, Sycomore AM sold its 43% stake in Revaia but maintained its minority stake of 5% in the positive-impact fintech company Lita.co, whose long-term ambition is to become a responsible neo-bank.

Sycomore Factory owns 61% of NEC Initiative SAS.

OUR COMMITTEES

Sycomore Factory's supervisory board

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

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

The Board is made up of **Christine Kolb, Emeric Préaubert and Cyril Charlot**, as well as six members appointed by the Generali Group. It also includes two independent members. **Women hold 27% of the Board's seats. Laurent Deltour, a founding partner**, is no longer a member since 2023 and has not been replaced.

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

Sycomore AM's executive management is composed of two governance bodies: the Board of Directors and the Executive Committee.

2.1 Organisation and shareholders

OUR COMMITTEES

Sycomore AM's Board of Directors

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

5
meetings
per year

DIRECTOR	POSITION	1ST APPT.	END OF TERM
Christine Kolb	Board Chair	2023	2026
Cyril Charlot	Deputy CEO	2020	2026
Bruno Servant	Board member	2020	2026
Michele Patri	Deputy CEO	2020	2026
Santo Borsellino	Board member	2020	2026

Sycomore AM's Executive Committee

The **Executive Committee** is in charge of the daily running of the company. The complementarity of its members facilitates their team-based management of strategy.

In 2023, the adoption of the **Shaping 2028 strategic plan** changed the make-up of the **Executive Committee**. Denis Panel (CEO), Cédric Delozière (CFO), Coralie Hermans (HR) and Alain Robert d'Autun (COO) joined the committee. As a result, **at the end of 2023, 25% of executive committee members were women.**

2
meetings
per month

It meets **twice a month** to approve strategic business development decisions and to facilitate internal communications.



2.1 Organisation and shareholders

OUR COMMITTEES

Mission Committee

Since the end of 2022, the **mission committee has been made up of six outside members and six in-house members**. Sycomore AM seeks to maintain a strong representation of employees on the committee to better embed the mission in its teams' culture. Outside experts bring a wide range of complementary experience and skills to the table, offering a critical perspective on the methods used and actions taken by Sycomore AM to achieve its mission-driven goals.

The committee met twice in 2023. At its first meeting, in March, the committee reviewed the action taken in 2022 and the progress made with respect to the goals in the articles of association. It also discussed priority areas for improvement. At its second meeting, in November, the committee examined the 2028 strategy presented by CEO Denis Panel and discussed shareholder engagement and the major actions taken at shareholder meetings.

The members of the Mission Committee are:

External members



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



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



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



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



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



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

In-house members



**Christine
Kolb**,
founding
partner



**Christophe
Hourtoulle**,
Institutional
Investor Relations,
France



**Anne-Claire
Imperiale**,
Head of ESG and
Shareholder
Engagement



**Fatou
Nicolas**,
Head of Corporate
Services



**Francesca
Mozzati**,
International
Product
Specialist,
Southern
Europe



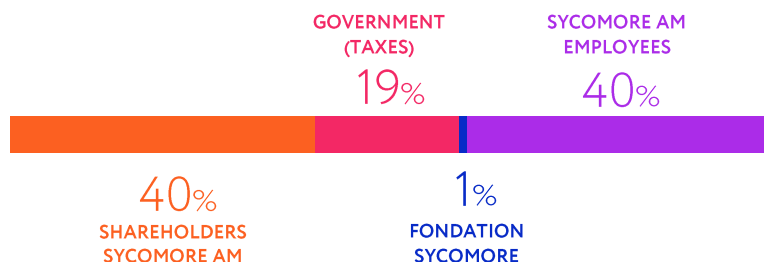
**Jean-Guillaume
Péladan**,
Senior Advisor,
Environment

2.2 Sharing the value we create

OUR CONVICTION

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

SHARED VALUE



All of the income generated by Sycomore AM, from its French-domiciled “Fonds Communs de Placement” and from the Luxembourg SICAV, is subject to French Corporate Tax (CT). In 2023, the average rate of CT (including the Social Contribution on Profits) applicable to Sycomore AM stood at **25.8% of taxable profits** (identical to the 2022 rate). All Sycomore Factory companies (including Sycomore AM) pay their taxes exclusively in France.

2.3 Ethics at the heart of our work

OUR ETHICS

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

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

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

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

03 Our client commitments

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

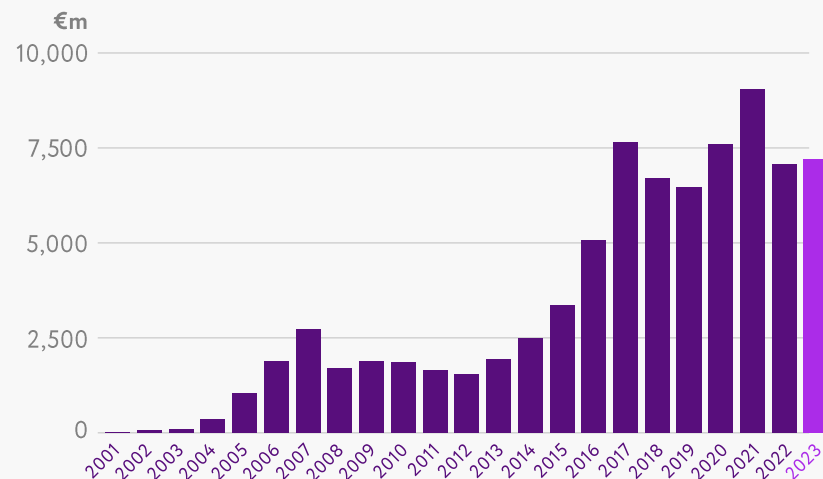
Our business development is not limited to the work of our “sales” team. It is **built by all Sycomore AM employees thanks to their client focus and dedication to forging long-lasting partnerships.**

Strong **interpersonal relations** are not only central to our interactions with clients, they are also a motivating force for our teams in their daily work.

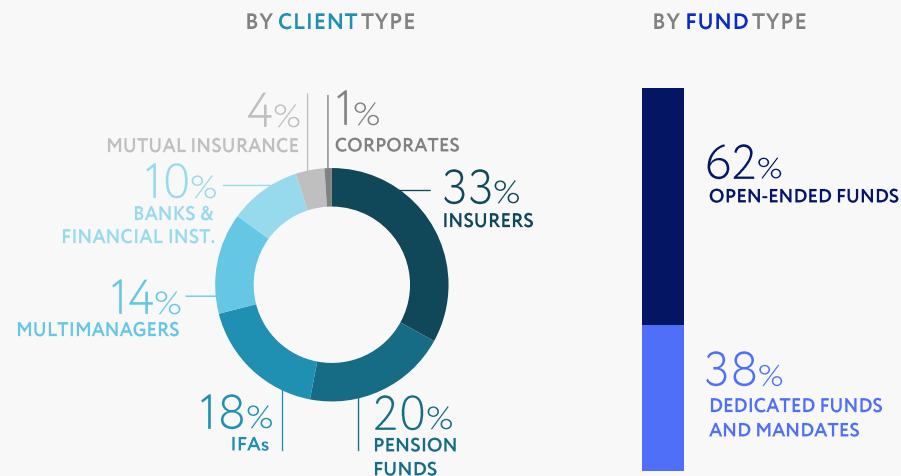
All of Sycomore AM’s teams – investor relations, client service, marketing, investment, risk management and middle-office – **share the goal of delivering quality service** that meets our clients’ highest requirements and standards.

At 29 December 2023, Sycomore AM managed assets worth €7.25 billion, of which **11% on behalf of international clients**. We manage assets for **all investor types**, chiefly institutional investors, private banks, and family offices.

GROWTH IN ASSETS UNDER MANAGEMENT
SINCE THE CREATION OF SYCOMORE AM



BREAKDOWN OF ASSETS UNDER MANAGEMENT
IN 2023



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

New sustainability and shareholder engagement reports

In 2023, Sycomore AM upheld its commitment to work towards a more sustainable and inclusive economy. It did so through its relations with the companies in which it invests, its response to regulatory issues and its involvement with organisations active on the Paris financial markets. Level 2 of the EU's Sustainable Finance Disclosure Regulation (SFDR) entered into force in 2023.

In preparation for this change, Sycomore AM defined **sustainable investment criteria** in compliance with the SFDR and clarified how each fund in its range is positioned with respect to the minimum level of sustainable investment consistent with the fund's strategy. We revised our sustainability and shareholder engagement reports to reflect adjustments made to meet the **requirements of Article 29 of France's Energy and Climate Law** and apply the recommendations of the Autorité des Marchés Financiers on reporting. Our reports describe how ESG is incorporated into our investment decisions, governance and allocation of resources. They also review the sustainability performance of our funds and the implementation of our shareholder engagement policy.

In accordance with our responsible investing approach and our goal to **measure our investments' contributions**, investors can find the following information in our reports:

- detailed descriptions of the **sustainability criteria** applied to the investments of our SRI funds
- the **sustainability performance** of our investments in 2023
- their **social and environmental contributions**
- their exposure to the UN's **Sustainable Development Goals**
- the outcomes of our **shareholder engagement**, including our voting at shareholder meetings

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



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



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



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

Reporting on strictly defined non-financial indicators

For a more transparent disclosure of the non-financial indicators of our portfolio companies, **we began publishing new monthly reports at the end of 2022**. These detailed ESG indicators are essential to socially responsible investing, alongside economic and financial indicators, which alone are insufficient to evaluate a company's continuity and resilience.

We have already been publishing our investments' **Net Environmental Contribution** and **SPICE** fundamental analysis rating in these reports for several years. We now systematically present **additional data** in accordance with each fund's objective. This information covers both environmental and social analysis:

ENVIRONMENTAL ANALYSIS

- EU Taxonomy
- Exposure to fossil fuels
- Carbon footprint
- SB2A temperature rise
- SBTi climate alignment
- Biodiversity footprint

SOCIAL ANALYSIS

- Societal contribution
- The Good Jobs Rating
- Human rights policy
- Growth in staff
- Gender equality at work

- Exposure to the UN's Sustainable Development Goals

We report on the implementation of our shareholder engagement policy by publishing updates on our dialogue with companies, the areas for improvement communicated to them, and our votes at shareholder meetings. We also address controversies involving ESG issues.

3.2 Socially responsible and diverse funds

Active managers seeking sustainable value

Designed to meet our clients' needs and offer purpose and performance by identifying drivers of sustainable growth, **our fund range** encompasses **four strategies**:

1. Thematic SRI equities
2. Multi-themed SRI equities
3. SRI bonds
4. Flexible

Our funds' certification by sustainability labels is a clear recognition of our responsible investment approach. At the end of 2023, our equity funds, Sycomore **Sustainable Tech**, Sycomore **Social Impact**, Sycomore **Francecap**, Sycomore **Sélection PME** and Sycomore **Sélection Midcap** renewed their French SRI label certification for another three years. Two additional funds also obtained this government-backed SRI label: Sycomore **Global Happy@Work** and Sycomore **Global Éco Solutions**. Follow-up audits were conducted for our other labelled funds.

The certifications obtained by our funds outside France depend on our international business development strategy. Various funds have received the **Towards Sustainability** label in Belgium, the **FNG** label in Germany or the **Umweltzeichen** in Austria. All of the German FNG-labelled funds promoted by Sycomore AM have obtained **3 stars**, the highest possible rating, in recognition of ambitious and exemplary SRI strategies.

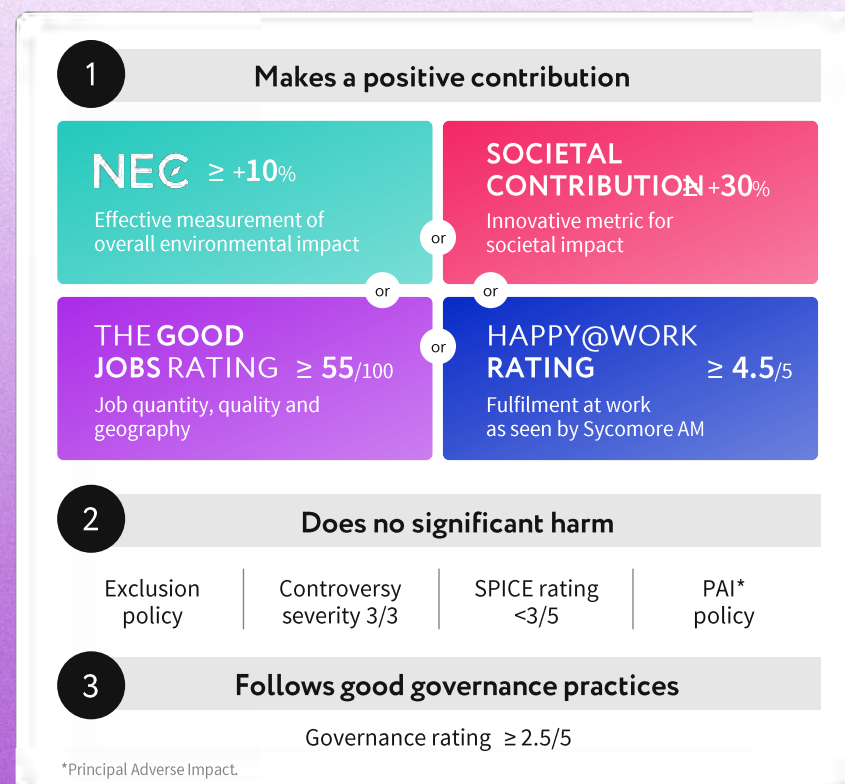
Other labels reflect the specific characteristics of funds, such as the **Greenfin** label for Sycomore **Europe Éco Solutions** or the **Relance** label for Sycomore **Sélection PME**.

Responsible investing is a priority for Sycomore AM, so the consideration of principal adverse impact indicators is an integral part of our ESG approach. At the end of 2022, we published our Principal Adverse Impact (PAI) policy, in compliance with the SFDR. It describes Sycomore AM's methodology for integrating PAI on sustainability into all its processes.

In addition to our PAI policy, we publish an annual statement reporting on each PAI indicator and detailing the measures taken to mitigate the potential adverse impacts on sustainability of our investment decisions. Accordingly, 2023 saw the **first publication of PAI indicators** for all our investments, as required by the SFDR.

Furthermore, the SFDR has embedded PAI into our definition of a sustainable investment, since Do No Significant Harm (DNSH) is a key criterion.

The graph below summarises the criteria used to identify sustainable investments in all our investment universes:



3.2 Socially responsible and diverse funds

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

OPEN-ENDED FUNDS PROMOTED BY SYCOMORE AM BY ASSET CLASS, SFDR CLASSIFICATION AND LABELS⁴

FUND	FOCUS	SFDR*	% SUST. INV.	LABEL(S)
EQUITIES				
ENVIRONMENTAL				
Sycomore Europe Éco Solutions	Companies engaged in the ecological and energy transition	Article 9	100%*	1 2 6 8
Sycomore Global Éco Solutions	Companies engaged in the ecological and energy transition	Article 9	100%*	
SOCIAL				
Sycomore Social Impact	Growth securities with a positive social impact (“for a better life”)	Article 9	100%*	1 6 7 8
Sycomore Europe Happy@Work	Companies focusing on human capital as their leading performance driver	Article 9	100%*	1 6 8
Sycomore Global Happy@Work	Companies focusing on human capital as their leading performance driver	Article 9	100%*	1
Sycomore Inclusive Jobs	Companies supporting the creation of durable, inclusive employment	Article 9	100%*	1 3
Sycomore Sustainable Tech	Responsible companies in the tech industry	Article 9	100%*	1 5
MULTI-THEMED				
Sycomore Francecap	Our main convictions in the French market	Article 8	Min. 70%	1
Sycomore Sélection Responsable	Multi-themed selection of responsible companies	Article 8	Min. 70%	1 6 7 8
Sycomore Sélection Midcap	Responsible selection of small and mid caps	Article 8	Min. 50%	1
Sycomore Sélection PME	Our main convictions on SMEs and ETIs	Article 8	Min. 50%	1 4
CREDIT				
Sycomore Sélection Crédit	Responsible selection of European bonds	Article 8	Min. 50%	1 6 7 8
Sycomore Environmental Euro IG Corporate bonds	Responsible selection of European IG bonds issued by companies engaged in the ecological and energy transition	Article 9	100%*	-
Sycoyield 2026	Fund of bonds mainly maturing in 2030	Article 8	-	-
FLEXIBLE				
Sycomore Partners	Conviction-driven equity strategy with exposure varying from 0 to 100%	Article 8	Min. 25%	
Sycomore L/S Opportunities	Conviction-driven equity strategy with exposure varying from 0 to 100%	Article 8	Min. 25%	
Sycomore Next Generation	Flexible SRI wealth management fund	Article 8	Min. 50%	1
Sycomore Allocation Patrimoine	Flexible wealth management fund	Article 8	Min. 50%	1



* Article 9: sustainable investment objective. Article 8: addresses environmental and/or social issues. ** Excluding money market funds, cash and derivatives. ** These two funds were awarded the French SRI label in 2023.

⁴ At the end of 2022, the 18 open-ended funds promoted by Sycomore AM accounted for 61% of the assets under management by Sycomore AM. Sycomore AM also manages mandates, dedicated funds, open-ended funds on behalf of Generali, and funds of funds that are not presented in this report.

3.2 Socially responsible and diverse funds

Consistent with our mission, our teams expanded our range of impact-seeking funds. **We refined the strategy of two of our funds** to invest in companies undergoing an ESG transformation and launched a new bond fund supporting the ecological transition.

TRANSFORMATION OF EXISTING FUNDS

Merger of Sycomore **L/S Opportunities** and Sycomore **Partners** for a strategy focusing on companies undergoing an **ESG transformation**

Since its creation in 2008, Sycomore Partners has been a concentrated **stock-picking** fund offering significant upside potential and **flexibility**, with equity exposure ranging from 0 to 100%. Its goal is to capture the upside of equity markets with lower volatility.

In 2023, we refined our ESG selection process to incorporate two types of value-making companies:

- **companies undergoing an ESG transformation** that is driving performance: these companies are striving to improve their ESG practices and have **responded favourably to recommendations made** or implemented a **transition plan aligned with long-term climate and environmental targets**
- **companies having best ESG practices.**

In this context, Scatec Solar decided that Sycomore L/S Opportunities, a flexible long/short equity fund created in 2004, would become a feeder fund of Sycomore Partners. Several reasons contributed to this decision:

- The **similarity** of the two funds' active, flexible investment strategies focusing on equity markets
- The desire to make this **shift** in the fund's investment strategy without any change to legal form or ISIN codes that would impact investors.

As a result, Sycomore L/S Opportunities was renamed **Sycomore Opportunities**.

NEW THEMATIC FUND

Launch of Sycomore **Environmental Euro IG Corporate Bonds**

A selection of European corporate bonds contributing to the ecological transition

Sycomore **Environmental Euro IG Corporate Bonds** aims to outperform the Barclays Capital Euro Corporate ex-Financial Bonds index (with coupons reinvested) over a minimum investment period of five years, within a sensitivity range of -2 to +2 compared to the benchmark index, by selecting bonds issued by companies that are driving the environmental transition.

It is made up exclusively of companies **whose business models contribute to the ecological transition as assessed by the Net Environmental Contribution (NEC)**, in a wide range of sectors: renewable energy, energy efficiency and electrification, mobility, natural resources, renovation and construction, circular economy, food and eco-services.

It excludes companies whose activities significantly destroy biodiversity or contribute to global warming or whose environmental, social or governance rating is too low.

Sycomore **Environmental Euro IG Corporate Bonds** reinforces our existing investment strategies:

- bond strategies, alongside Sycomore **Sélection Crédit** and **Sycoyield 2026**
- strategies focusing on the energy and ecological transition, including the equity funds **Sycomore Europe Eco Solutions** and **Sycomore Global Eco Solutions**.

It seeks to make sustainable investments within the meaning of Article 9 of the SFDR, by investing in companies that promote the environmental transition as an essential part of achieving sustainability.

3.2 Socially responsible and diverse funds

Sycoyield 2026

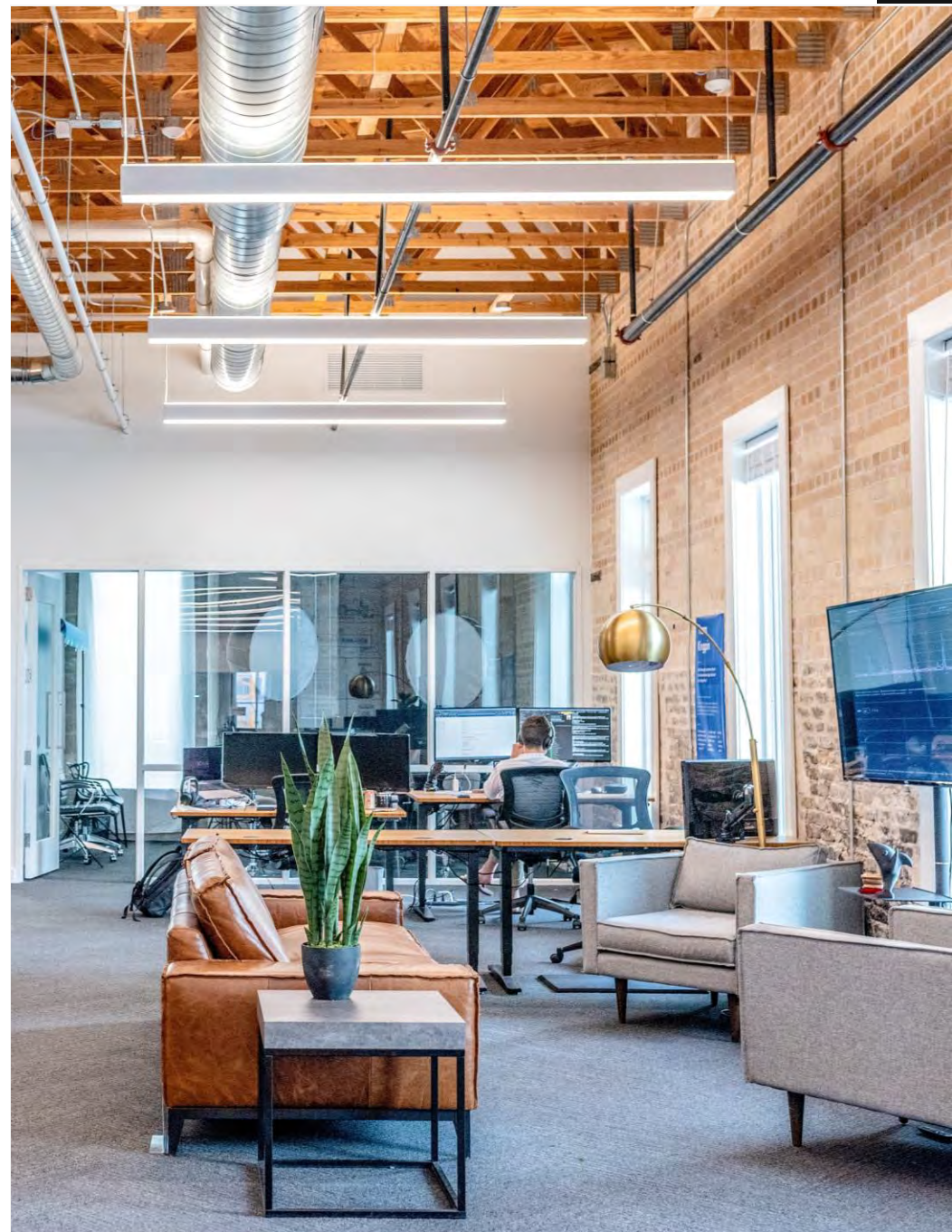
In September 2022, we launched a fixed-maturity bond fund with screening and selection filters, called **Sycoyield 2026**. It invests mainly in **high-yield corporate bonds issued in euros**, with a maturity date mainly in 2026 and which are intended to be held to maturity. The selection of issuers takes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

In 2023, in a context of rising interest rates and widening credit spreads up to December 2023, the fund was **highly popular**, especially with financial advisors seeking to offer their clients significant returns. Sycoyield 2026 had **€398 million** in assets under management at the end of 2023.

2024 OUTLOOK

In 2023, we remained committed to delivering investment solutions combining performance and positive impacts. Cross-disciplinary working groups explored the following topics:

1. Financing companies at different growth stages through unlisted investments, such as private equity, with an **environmental and/or social focus**.
2. Continued **development** of projects launched in 2023:
 - Expansion of our range of environmental funds
 - Consolidation of our global investment products with a social focus
3. 2024 will also see adjustments to our processes to meet the new requirements of the **French SRI label**. We believe in the importance of this external recognition for our approach, and the label's new standards will enhance its credibility.



3.3 A close and responsive partner

Frequent contact with our stakeholders

In 2023, we held new events for our clients and continued to participate in conferences in the financial community on sustainable asset management and company transformations.

We are proud to have organised three conferences on the following topics:

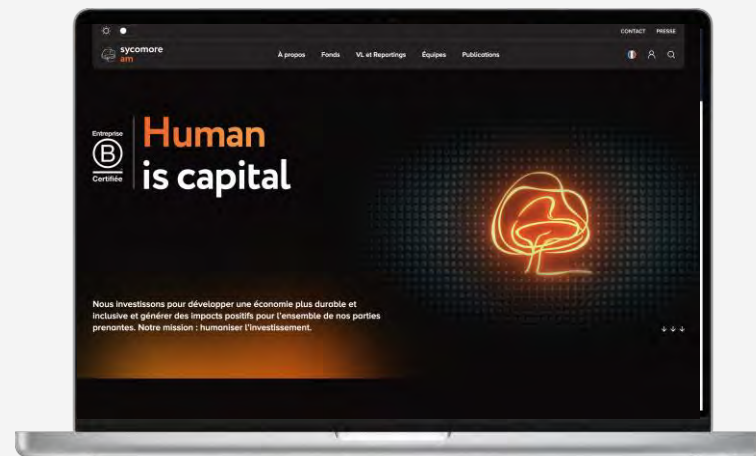
- **transformation**, featuring Benoît Bazin, CEO of Saint Gobain
- **environmental solutions** and our **Éco Solutions strategy**, with the participation of Christopher Guérin, CEO of Nexans.
- **responsible tech** and our **Sycomore Sustainable Tech** fund, celebrating its third anniversary

These were attended by institutions, banks, insurers, asset managers, corporates and financial advisers.

We also ran frequent **webinars** to keep our clients informed all year long of our analysis of macroeconomic changes and our strongest investment convictions.



Our experts also took part in **SRI events**: the ESG & Impact Investing Forum and National Investor Day held by AGEFI, the SRI and Human Capital conference hosted by Option Finance, the Geneva Forum for Sustainable Investment on engagement, the Citywire Montreux conference and the Rankia Funds Experience in Andorra and in Lisbon.



Through our strong presence on **social networks**, we continued to communicate actively to promote responsible investing. Our shift to producing video content, which began during the pandemic, as the world trended toward virtual client interactions, has enhanced our presence on **LinkedIn** and **YouTube**. We have produced more than **30 videos** in-house, mainly using our own film studio at Sycomore AM.

Meanwhile, our LinkedIn page grew to **16,000 followers** at the end of 2023 (15,500 at the end of 2022). As in previous years, we observed that the native video format boosted the efficiency of our social media communications.

2023 also saw the **widespread adoption of AI**, which we chose to include in our content creation toolkit. The methods we use to produce content evolved rapidly during the year, and further transformations are expected in 2024.

04 Our human capital

Human capital, our primary factor of success

OUR VISION

“

In today's world of data and algorithms, **we value human capital**. We are a team of people working with a common goal: **create sustainable value**. We are convinced that a company can only create sustainable value if this value is shared with all of its stakeholders. We **invest to develop an economy that is more sustainable and more inclusive** and to generate positive impacts for each of our stakeholders.

OUR MISSION

Give a human dimension to investment

OUR AMBITION

Deliver performance through purposeful investments

OUR VALUES

Three values chosen by Sycomore AM's employees guide our actions:

Boldness, cohesion and engagement, rooted in an overall sense of goodwill.

To bring these values to life in our daily work, we have translated them into principles for action. **By being bold**, we cultivate open-mindedness and curiosity and are not afraid to break with tradition and show our difference. We encourage the taking of initiatives and accept failure.

“If you want to go fast, go alone. If you want to go far, go together.” Thanks to our **cohesive team spirit**, we share the successes and learn from our failures together. Each individual's full commitment enhances our collective performance. Because of our strong engagement, our daily actions help to build our future.



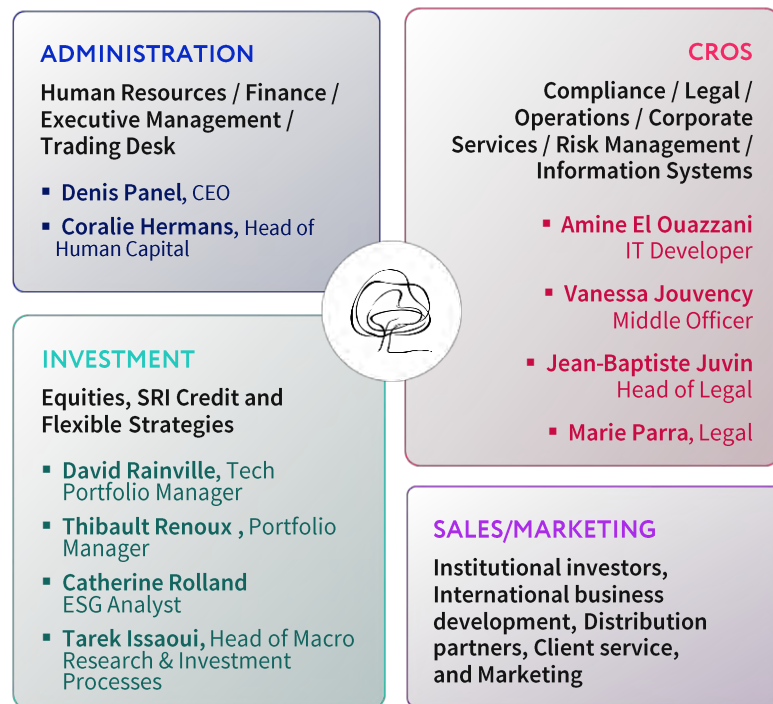
Denis Panel
CEO

Goodwill is a fundamental value for Sycomore and a key factor of its collective engagement. It implies a positive, respectful mindset enabling all people to be recognised and considered as individuals deserving of care, attention and trust. But goodwill goes far beyond that: by placing value on individual achievements, by explicitly recognising successes and by encouraging constructive critical thinking, goodwill leads to personal fulfilment, maximises our energies, and gives meaning to our team effort to achieve a common goal.

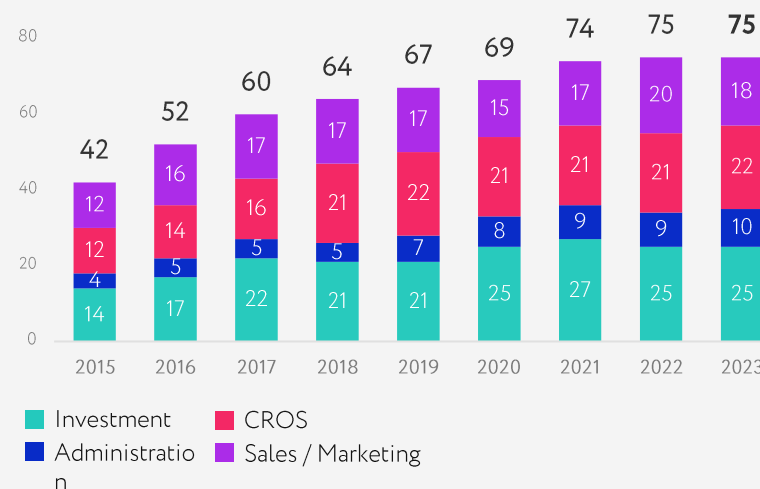
4.1 Our employees

At the end of 2023, Sycomore (Sycomore Factory, Sycomore AM and Sycomore Market Solutions) employed **75 people**, the same number as in 2022. In the course of 2023, we hired a Head of Macroeconomic Research and Investment Processes, reinforced our Tech & SRI expertise, and created a Legal division. The number of new hires equalled the number of departures. **Staff turnover was 12.7%** in 2023 (7.4% in 2022), in line with the average of 11.6% for the ten-year period from 2014 to 2023. Of the employees who left the company, five were support staff, one worked in sales and marketing and three were members of the investment team. Two of the nine employees held a management position.

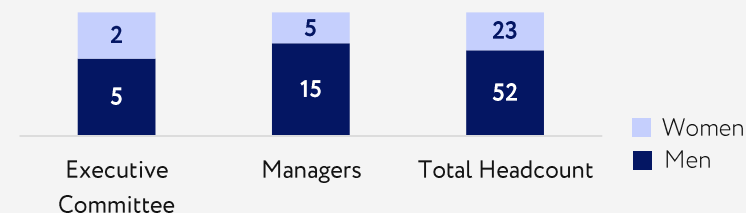
Sycomore AM's organisation features four interacting units. They welcomed nine new employees and one corporate officer in 2023.



SYCOMORE AM HEADCOUNT GROWTH PER UNIT



GENDER REPRESENTATION AT DIFFERENT LEVELS OF THE ORGANISATION



In 2023, the adoption of the Shaping 2028 strategic plan changed the make-up of the Executive Committee. Denis Panel (CEO), Cédric Delozière (CFO), Coralie Hermans (HR) and Alain Robert d'Autun (COO) joined the committee. As a result, at the end of 2023, 25% of executive committee members were women. The average age of our employees was 44.4 (+1 year), with 30% of staff aged between 26 and 35. In 2023, 100% of our staff were employed under permanent contracts with management ("cadre") status. Their average length of service was seven years (+0.6 years).

4.2 Compensation policy and pay equity

Sycomore AM's remuneration policy⁵ is based on the principle of shared value. Under this principle, 30% to 40% of the value created by the company is redistributed as wages and bonuses. This is consistent with the importance we place on human capital and with our SPICE analysis model, which supports the view that for value to be sustainable value, it must be shared among all stakeholders.

Accordingly, our compensation policy applies the following two rules:



The **overall pay equity ratio** (after income tax and including employee savings plan benefits) is **capped at a multiple of 25 times the median salary**. In 2023, the ratio was **3.2** (versus 3.9 in 2022), well below the limit. For the sake of comparison, the average pay equity ratio in the SBF 120 was 54 in 2022⁶.



The **annual profit-sharing bonus paid annually by Sycomore AM is based on the principle of equality** (pro rata to the number of months worked during the year) for all staff employed for at least three months, which is particularly appreciated by our younger employees. In 2021, Sycomore AM signed a Group Profit-Sharing Agreement which will **strengthen the profit-sharing policy and benefit all employees**.

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

Moreover, for the 2023 financial year, Sycomore AM decided to allocate a **value-sharing bonus** consisting of the lump sum of €3,000 to all staff employed at the end of December 2023.

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

We see **employee stock ownership** as a key contributor, alongside employee recognition and pay equity, to aligning employees' interests with the achievement of the company's mission. For this reason, Sycomore decided to open the employee stock ownership programme to even more staff. This decision was implemented in 2023. At the end of 2023, **51 employees** (71% of all staff) were shareholders. Together, they owned **7.91%** of the share capital.



⁵ For more details, our [remuneration policy](#) is available on our website, under Legal information.

⁶ Research conducted by WTW among 115 companies in the SBF 120, including 39 in the CAC 40 having published their Universal Registration Document at 23 June 2023.

4.2 Compensation policy and pay equity

FOCUS ON THE GENDER PAY EQUITY INDEX

In 2023, our gender pay equity index – calculated since in 2019, in compliance with regulations – was **91/100** (compared to 89 in 2022 and 78 in 2021), a **2-point improvement**.

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

1. **Gender pay gap**: Sycomore AM's score of **37/40** in 2023 indicates a **weighted gender pay gap of 2.9%** observed for validated groups (a validated group includes at least three men and three women in the same age bracket and same job category), covering **47% of the workforce**.
2. **Gender gap in annual pay rises**: our score was **35/35** in 2023.
3. **Percentage of female employees that received a pay rise on their return from maternity leave**: not applicable in 2023.
4. **Number of men and women among the ten highest paid employees**: our score was **5/10** in 2023. This indicator is up 5 points, since **two women** (versus one in 2022) **placed among the ten highest paid employees at Sycomore AM in 2023**.

STRICTER CALCULATION RULES BASED ON EMPLOYMENT POSITION

As announced in the [Sycoway as a Company](#) report published in 2021, to ensure that our rating accurately reflects the reality of gender equality within Sycomore AM, we began implementing a new methodology in 2022, following its approval by the Social and Economic Committee. We consider this position-based method to be more stringent and relevant to our situation, where all employees have management ("cadre") status. **The new approach allows for only a 2% tolerance margin for wage gaps between men and women in equivalent positions, compared to 5% under the previous methodology, based on socio-economic category.** The significant jump in our index to the near-maximum score of 39/40 in 2022 was due to this change in methodology. Our 2023 score of 37/40 again demonstrates Sycomore AM's commitment to gender pay equity.

OUTLOOK

The Compensation Committee monitors the gender pay equity index closely and supports its continued improvement. To maintain gender equity in pay and comply with the Rixain law, Sycomore AM aims to **ensure that by 2030, 40% of investment decision-making roles are held by women** (compared with 33% in 2023 and 29% on average among French asset management companies – source: AFG, 2021).

4.3 Well-being at work

Social support for employees

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

Similarly, Sycomore AM has set up an active policy to **support employees who are also parents of young children**. As part of this policy, Sycomore AM fully funds reserved spots in daycare (15 places funded in 2023 versus 20 in 2022) and makes them available to employees, helping those in need of a childcare solution and improving the **work/life balance** of working parents in the company.

Team cohesion

Team cohesion is mainly achieved by facilitating **dialogue** among and within teams. When possible, **team-building** events are organised to further strengthen this cohesion and foster positive interactions. For this, Sycomore AM prioritises seminars bringing together **all staff**. In 2023, an all-staff seminar was held in La Clusaz, in the heart of the Alps, and featured a full programme of skiing, a cheese-making tour, yooner sledding and other activities to enchant employees and **build bonds**.



A contemporary work environment

Sycomore AM has chosen a modern work environment offering **open workspaces** and **remote working** arrangements. The open workspaces at Sycomore AM were designed to facilitate collaboration and communication among teams while offering focus spaces for tasks that require a higher level of concentration.

To further improve the layout, a project to redesign the work area was launched and an **in-house taskforce** was formed. Sycomore AM is currently working with an **architecture firm** to rethink the use of space and the overall setup of its offices.

Meanwhile, Sycomore AM has also embraced **remote working** practices to offer employees greater **flexibility** and contribute to their **work/life balance**. To support these arrangements, Sycomore AM is investing in the latest IT solutions, such as **hyperconverged infrastructure (HCI)**. Hyperconvergence is the backbone of a tightly integrated and agile IT infrastructure, which is essential for the optimal management of data and applications in this flexible work environment.

These changes will have multiple positive consequences. Fewer physical machines in the workplace, thanks to the virtualisation of servers and workstations, will generate substantial savings and help **significantly reduce the company's environmental footprint**.

This transformation also aims to **enhance employee well-being**. The added flexibility afforded to them can in turn improve workplace productivity and engagement.

4.3 Well-being at work

Digital frugality

by David Richard, Chief Technology Officer

In 2023, **digital frugality** and **cybersecurity** continued to be main focus areas.



By integrating **Exchange** (email) and **SharePoint** (files) modules, we have reduced our onsite data storage and moved to **shared cloud storage**, which provides automatic archiving (long-term storage of data) to optimise data management.



2024 will see the rollout of a **Dell architecture solution featuring hyperconverged infrastructure**. This is another step in favour of business continuity, cybersecurity and digital frugality. We will keep the number of our physical servers and other active network hardware down to a minimum and also reduce our purchased licences. In 2024, Sycomore AM's digital activity will be as **virtual** as possible.



We will also adopt **generative AI with Copilot and Fabric**, two Microsoft products that will help our employees optimise their productivity.



4.4 Career development and employability

Training

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

We also provide **in-house training** programmes designed to facilitate the **transfer of knowledge and skills between staff members**. More specifically, we provided an average of about 12 hours of ESG training per employee in 2023. This average includes five hours of training for employees who are less concerned with ESG in performing their day-to-day duties and up to 100 hours or more for those who aim to gain more extensive expertise on sustainability issues.

External training **expenses** covered by Sycomore AM amounted to **1.91% of fixed payroll costs in 2023, a large increase over the rate of 1.05% in 2022**. Spending on training is now re-aligned with the rate of 2% of payroll that was observed after introducing skillup.co and throughout the pandemic (2020/2021). In 2024, Sycomore will continue to implement the skills development plan initiated in 2023. Our aim is for employee development to be better reflected in individual indicators, to support our goal of "employee learners", i.e. employees who spend about three hours a week on professional and personal development and upskilling.

Furthermore, Sycomore **actively contributes to the transfer of knowledge and skills to student interns who are starting out in their careers**. The Covid-19 pandemic and widespread remote working practices made it more difficult than usual for final-year students to find an internship. For several years, Sycomore AM steadily stepped up its efforts, training as many as 26 interns in its different teams in 2022, up from 13 interns in 2021, 10 in 2020 and four in 2019. **A strong effort was maintained in 2023, with 16 interns welcomed into various departments.**

Encouraging employee learners

Following a workshop on hybrid work methods, we decided that all employees should be able to **devote 5% of their time (two or three hours per week) to professional and personal development and upskilling** (hard skills, soft skills, technical benchmark, personal R&D). This means that the employee sets aside their day-to-day responsibilities and spends the time on in-house or external training, professional associations, networking or conferences.



Enhancing our management style

Our new hybrid organisation should support Sycomore AM's transition towards a **more personalised and consistent style of management, focused on handling operational priorities and coordinating teamwork**. It will bring changes such as individual roadmaps at the start of each year, **more frequent follow-ups** and quarterly reviews between managers and their teams.

4.5 Employee involvement in the company's strategy

2½
months
reviewing
strategy

28
sessions

105
hours of discussion
and brainstorming

For the “Shaping 2028” transformation plan initiated by our new CEO, Denis Panel, who joined us in April 2023, we took a fresh look at Sycomore AM's organisation.

To **fully involve all employees** in developing the strategic plan and operational roadmap, eight different working groups met once a week, with each group focusing on a clearly-defined area:

- Strategic Vision / Goal > open to all
- Investment & Research
- Target Markets / Clients
- Fund Range
- IT & Risk
- Communication
- HR & Well-being > open to all
- Governance & Organisation

In the interest of fairness, speaking times were limited and monitored, to give everyone a voice. An anonymous survey was conducted to gather employee feedback on all subjects, and regular updates were held to inform employees of the progress made by each workshop. The final results were shared in July 2023. This review of strategy lasted two and a half months, for a total of 28 sessions and 105 hours of discussion and brainstorming.



4.6 Social and Economic Committee

The Social and Economic Committee (SEC) is a **negotiating body between Sycomore AM's employees and their employer**. It serves as employees' main point of contact for raising individual and collective issues with their employer. The Committee's day-to-day responsibilities also include conducting initiatives and providing services that contribute to employee fulfilment and well-being and promote health and safety at work. The Committee meets every month. It has its own operating budget, which covers its running costs, as well as a budget for social and cultural activities.

The Committee is made up of **four elected members** and **four alternate members**. Changes to its governance took place in 2023. **Denis Panel**, CEO of Sycomore AM, became the member representing management. **Amaury Eloy** having left the company, **Patrice Sabatucci**, the human resources director at Generali Investments, filled in as the HR representative until the arrival of the new human resources head in January 2024.

The SEC continued its efforts to **cultivate employee well-being and fulfilment** throughout 2023.

In the context of changes to Sycomore AM's management, with the decision of **Émeric Préaubert**, founding partner, to step down from his operational role and the arrival of Denis Panel as the new CEO, the Committee was asked to express an advisory opinion on the company's transformation plan, which involved changed or new job assignments, new hires and departures (all in the strictest confidence). The Committee was also approached by some employees for assistance during this transition period. To meet their needs, the members of the SEC underwent training in how to best support employees coping with a transition.

FOCUS ON THE WORK OF THE SEC

The SEC **maintained or enhanced social and cultural activities that are popular with employees**. During the year, it delivered **holiday vouchers** worth €360 to €400, based on the employee's income, and **gift vouchers** worth €183. The SEC also contributed €250 to each employee's **culture** spending and another €250 for **sports activities**.



The Committee also continued to hold its **Syco Xmas** event for employees and their spouses and children. A visit from Santa Claus, magic tricks, a craft workshop, face painting and storytelling delighted young and old. Food lovers appreciated gourmet baskets and a chocolate goodies concocted by chef Julien Dechenaud, who had indulged employees at Easter.

The SEC also caters to employees' everyday needs at work by having **baskets of fruit and nuts** delivered every week.

Looking forward to 2024!

05 Our impact on society

5.1 Our investments' societal contribution

Our main lever for making a positive societal contribution is through our investment strategies. This is why **we have embedded in our articles of association our goal to measure and enhance the societal contribution of our investments while communicating clearly and transparently with our clients**. To support this commitment, we have **developed tools** to evaluate and report our investments' contribution to the economic transition: the Societal Contribution (SC) of the products and services of portfolio companies and The Good Jobs Rating.

Societal Contribution of products and services

Since 2017, Sycomore AM has been developing a proprietary methodology used to **measure the societal contribution of a company's products and services**⁷. The SC is a quantitative metric, assessed on a scale of **-100%** to **+100%**, that aggregates the positive and negative societal contributions of a company's products and services. It focuses on three pillars: **Access & Inclusion**, **Health & Safety** and **Economic & Human Progress**. **The total contribution is the sum of each activity's contribution to the three pillars**, expressed in relation to the percentage of the revenue generated by the activity.


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

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



Access & Inclusion

- | | | |
|----|--|--|
| 1 | NO POVERTY
 | <ul style="list-style-type: none"> Access to basic products and services Microfinance |
| 10 | REDUCED INEQUALITIES
 | <ul style="list-style-type: none"> Access to energy Access to healthcare Inclusive economic model |

Health & Safety

- | | | |
|---|--|--|
| 3 | GOOD HEALTH AND WELL-BEING
 | <ul style="list-style-type: none"> Innovation in treatment Prevention and treatment Nutrition Pollution Cybersecurity |
|---|--|--|

Economic & Human Progress

- | | | |
|---|---|---|
| 8 | DECENT WORK AND ECONOMIC GROWTH
 | <ul style="list-style-type: none"> Technological advances Circular economy Education / Culture |
| 9 | INDUSTRY, INNOVATION AND INFRASTRUCTURE
 | <ul style="list-style-type: none"> Gender equality Peace and justice |

⁷ For more information on the 2030 Agenda and the Sustainable Development Goals, visit the website: <https://sdgs.un.org/goals>

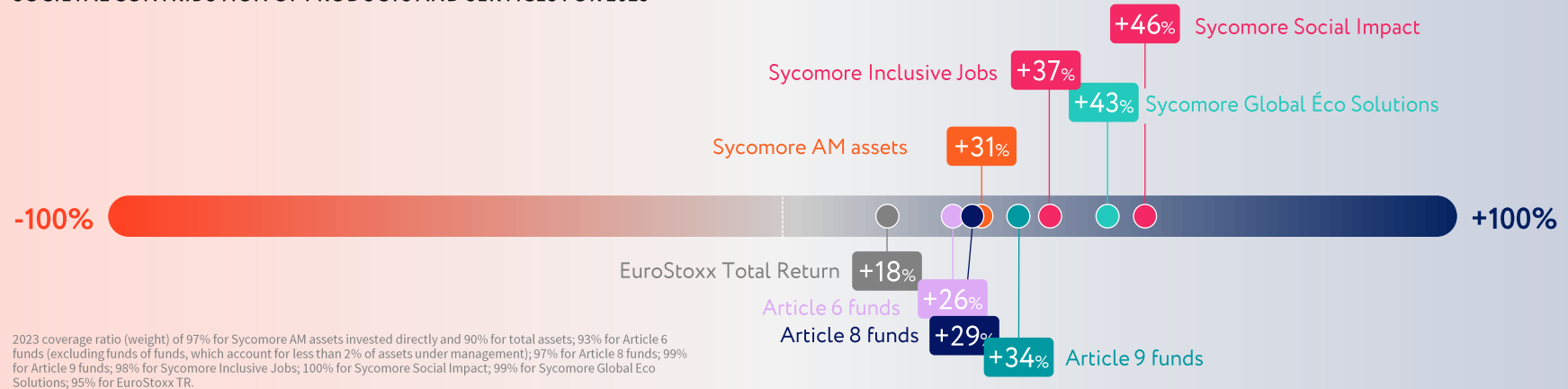
5.1 Our investments' societal contribution

Societal Contribution of products and services

At the end of 2023, the Societal Contribution of products and services for portfolio companies stood at +31% compared with +18% for the EuroStoxxTR (unchanged from 2022). This significantly positive societal contribution reflects the share of assets under management for which the SC is an investment criterion (+52% at the end of 2023, up from +47% at the end of 2022).

This is the case for the **Sycomore Social Impact** fund, which focuses on companies offering solutions to global social challenges and is exposed to the healthcare, personal and household services, sustainable food and sustainable mobility sectors. Its societal contribution was +46% at the end of 2023 (versus +52% at the end of 2022).

SOCIETAL CONTRIBUTION OF PRODUCTS AND SERVICES FOR 2023



5.1 Our investments' societal contribution

The Good Jobs Rating: societal contribution as an employee

THE GOOD ECONOMY

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

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

THE GOOD JOBS RATING

QUANTITY

Job creation:

- direct ▪ indirect
- sustainable ▪ vs. sector

QUALITY & INCLUSION

- Inclusion (gender, age, qualification level)
- Pay equity
- Career development
- Job security

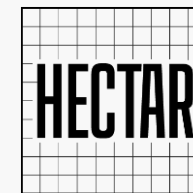
GEOGRAPHY

Employment creation in **regions and countries** where the needs are greatest

5.2 Sharing our management fees with non-profits

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

Since 2020, a percentage of the management fees from **Sycomore Social Impact** is redistributed to organisations that lead high-impact societal projects on the theme of "Transmission", in partnership with the **Fondation Entreprendre**. The **Sycomore Global Education** fund has also shared this philosophy of fee-sharing since its inception. Since 2022, we have donated a portion of the revenue from our **Éco Solutions** funds to **1% for the Planet**.



5.3 Our human rights policy

AS AN INVESTOR

In recent years, we have enhanced our **method for analysing the human rights risk exposure of the companies in our investment universe** and how they manage these risks. This analysis was already covered by the Society pillar of our SPICE ESG proprietary model. As part of this initiative, three projects were launched:

1. **A map of the analysis criteria of our SPICE model based on the main human rights risks** for employees, society and consumers
2. **A review of the human rights analysis criterion under the Society pillar** to determine how well a company's human rights efforts align with the three objectives of the UN's Guiding Principles on Business and Human Rights: human rights policy, reasonable due diligence and remedy mechanisms
3. **A framework for analysing salient human rights risks** to which companies may be exposed, to pre-identify potential salient risks for each major sector and region.

These three projects were carried out between 2020 and 2022. Our SPICE analyses are now enriched with these new tools to better assess companies' exposure to human rights risks.

In 2023, we continued our work with the **French Sustainable Investment Forum (FIR)**, supported by the NGO **Human Resources Without Borders (RHSF)**, which resulted in a set of criteria for a quick analysis of companies' exposure to forced labour and child labour. Our goal is to ensure that risks to people are carefully monitored throughout the value chain of products or services, extending to the countries of origin. The criteria **assess a company's level of knowledge on these issues, its commitment, targets of its policy, and the risk management measures it has implemented**.

Based on the evaluation methodology developed, a phase of dialogue and engagement was launched with **10 French companies** selected by investors and operating in high-risk sectors. We are the lead shareholder for the initiatives targeting three of these companies.

Above and beyond this collaborative initiative, **human rights were a priority area of engagement in 2023**. We drafted a position note and a standard letter for analyst-managers, explaining what we expect from them in terms of human rights policies and implementing actions in line with the UN's Guiding Principles on Business and Human Rights.

Our goal is to **ensure that companies aim to identify and limit their exposure to risks of human rights violations, while protecting individuals, particularly vulnerable groups**.

Accordingly, in 2023, **we communicated 23 areas for improvement in human rights practices to 15 companies** in our investment universe.

This work is crucial for managing the Principal Adverse Impacts (PAIs) identified in the European Sustainable Finance Disclosure Regulation (SFDR).

AS AN EMPLOYER

A taskforce conducted work in 2021 and 2022 to identify the salient risks to which Sycomore AM is exposed as a business organisation, i.e. in its stakeholder relations other than with investee companies. It explored eight priority topics:

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

The taskforce proposed amendments to the company's internal rules and code of ethics, which were reflected in the new versions of these documents circulated to staff in 2022.

5.4 Shareholder engagement as a means of improving practices

We believe in the **importance of collaborative and collective work to make finance more useful in addressing current social and environmental challenges**. We therefore join in efforts to promote a sustainable economy and expand socially responsible investment, **within our ecosystem as well as among companies and investors**.

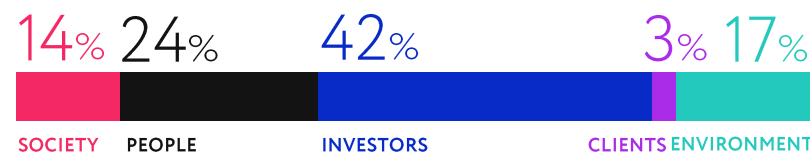
Since its creation, Sycomore AM has deployed a **continuous approach to responsible investment** in line with best market practices. We are involved in initiatives to promote and develop responsible investment and take part in investor coalitions focusing on key issues. We also speak at higher education institutions, publish articles and organise events reflecting our commitment and our vision for the world of tomorrow.

Our shareholder engagement policy and exercising our voting rights are key to accomplishing our mission. Shareholder engagement is about **driving companies to make structural improvements to their sustainability practices**, by articulating **areas for improvement through constructive dialogue and long-term monitoring**. We are convinced of the importance of this dialogue and the collective activism that we are a part of in developing business models that meet today's social and environmental challenges and as such contribute to creating long-term value for our clients.

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

In 2023, we communicated **288 areas for improvement to 91 companies** in our investment universe (220 areas to 107 companies in 2022). Of these engagement initiatives, **42% were about governance issues**, most of which were discussed ahead of shareholder meetings – an opportune time for engagement actions. We maintained a sharp focus on **executive compensation** (transparency, moderation and alignment with the company's overall performance), which was the subject of **49 areas for improvement** submitted. We also continued our **engagement on human capital and societal issues**, which represented **24%** and **14%**, respectively, of the areas for improvement submitted.

288
engagement
initiatives



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

In 2023, we voted at **415 shareholder meetings (490 in 2022)**, i.e. **98% of the shareholder meetings where we had voting rights (97% in 2022)**. For more information on our involvement with financial market organisations and our shareholder engagement actions and outcomes, see our [Sustainability and Shareholder Engagement Report](#).

5.5 Sycomore's Foundation

Our foundation, **Fondation Sycomore**, is a tangible expression of our corporate citizenship.



History

The Fondation Sycomore was created in **2013** to **build bridges between young people and the corporate world**. With the awareness that today's youths are tomorrow's decision-makers and the firm belief that people are the way to a sustainable future, we chose to focus the Foundation's work on reaching out to young people during their years of career exploration and orientation, from secondary school to their entry into the workforce.

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

Purpose

Through their work, Sycomore AM's team members have developed a sound understanding of the corporate world and the European economic landscape. **The Foundation's aim is to share Sycomore's expertise, network and experience with young people.** Children, teenagers, and young adults are introduced to the working world, meet professionals and hear their stories, which can help them grow as individuals and discover their own career paths. Events supported by the Foundation open the doors of the business world to students.



5.5 Sycomore's Foundation

Our key partnerships



Fondation pour lecture – Labo des Histoires

The Fondation pour l'Écriture was created in **2018** by the Académie des Sciences Morales et Politiques and the Fondation Sycomore, together with three other corporate foundations (Fondation Aéroports de Paris, Fondation M6 and Fondation SNCF). It **supports all initiatives designed to spread the joy of creative writing, especially to children, teenagers and young adults otherwise unlikely to engage in it**. In particular, the Fondation pour l'Écriture supports the Labo des Histoires, which offers **free writing workshops open to children, teenagers, and adults under 25** to develop their enjoyment of reading and writing, their imagination and their creativity. In September 2021, the Fondation pour l'Écriture launched the first edition of La Belle Harangue, an event celebrating writing and speech.



Fondation Epic

The Fondation Epic, created by Alexandre Mars in **2014**, identifies and financially supports organisations that **fight inequality affecting children and young adults in the areas of education, healthcare, social security, and social and professional integration**. This vision aligns perfectly with ours at the Fondation Sycomore, enabling us to build a lasting partnership. For more than five years, through Epic, we have supported several of its selected organisations over three-year periods. Since 2020, the Fondation Sycomore has supported the Duo For a Job project.



The Hectar Maison Pédagogique

Sprawled across more than 600 hectares of land just outside of Paris, Hectar offers a training campus, an innovation and startup accelerator, and a pilot farm for regenerative agriculture. Hectar also provides coworking and seminar facilities and awareness-raising for young people. The Fondation Sycomore has partnered with Hectar's "learning house" since 2021, because it believes that **teaching young people about the challenges of the agricultural and environmental transition is important for preparing the future**. At the learning house, young people can also meet inspiring professionals and discover new professions in the agricultural and food manufacturing industries.



United Way – Alliance for Education

A long-standing partner of the Fondation Sycomore for more than five years, Alliance pour l'Éducation – United Way **works with young people from priority regions or rural areas to improve equal opportunity and school attendance and help them make informed decisions for their future**. The Fondation Sycomore participates by welcoming youths to career days at Sycomore AM's offices and organising on-site visits to introduce secondary school pupils from Tremblay-en-France to a wide range of professions.

5.5 Sycomore's Foundation

Supported organisations and new partnerships in 2023

Supported organisations continued from previous years

The Foundation has a policy to support non-profits over a full three-year period. It continues to work with the following organisations: Peroxide, Osons Ici et Maintenant, Ecolhuma (formerly SynLab), Tirelires d'Avenir, Unis-Cité, L'Institut Imagine, La Grande Tribune, Sport dans la Ville, Philharmonie de Paris and Scholavie.



New partnerships in 2023

While the Fondation Sycomore continues to provide long-term support for the organisations listed above, it also looks for new partners every year to give everyone a chance. In 2023, we launched partnerships with Impact Tank, Trois Couleurs and La Fabrique de la Danse.



FOCUS ON THE FONDATION SYCOMORE'S NEW MANAGEMENT TEAM

In 2023, the **Fondation Sycomore** made a fresh start with the arrival of a **new management team**, made up of dedicated Sycomore AM employees to ensure its alignment with our values. The team's members include:



Francesca Mozzati

is the **General Manager** of the Fondation Sycomore. She has been a Product Specialist at Sycomore AM since 2018.



Soraya Norais

is a **Partnership Manager** for the Fondation Sycomore. She has been a Risk Manager at Sycomore AM since 2014.



Romane Querteux

is a **Partnership Manager** for the Fondation Sycomore. She has been a Product Specialist at Sycomore AM since 2022.



François Bonnel

is the **Communications Manager** for the Fondation Sycomore. He has been Marketing Project Manager at Sycomore AM since 2017.



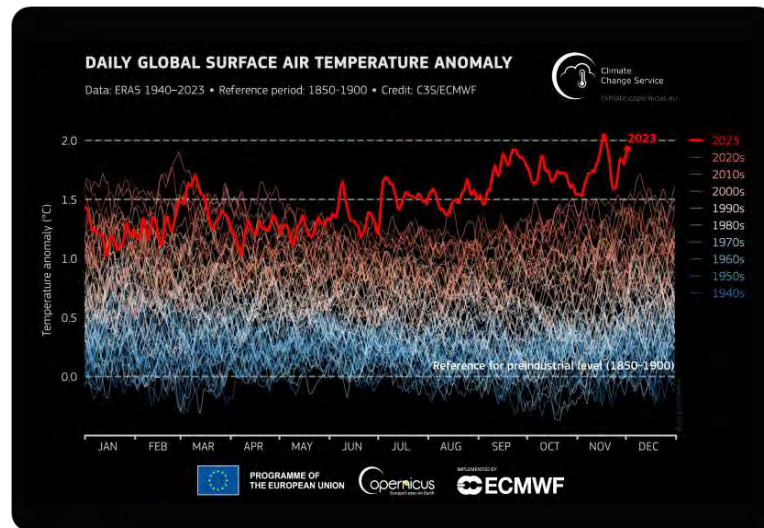
Cédric Delozière

is the **Finance Manager** for the Fondation Sycomore. He has been Chief Financial Officer at Sycomore AM since 2019.

06 Our impact on the environment

We are part of the natural world, coexisting with all living things. While the environment is above all our habitat, it can also be regarded as a form of capital covering all providers of ecosystem services, as defined by the 2005 Millennium Ecosystem Assessment. Since 2016, Sycomore AM has published its **Natural Capital Strategy** based on a scientific, holistic and transparent approach **that takes account of the key environmental issues: climate, resources and biodiversity**, with no particular order of priority.

More so than in previous years, 2023 saw an acceleration of warnings about the state of the biosphere: it was **the hottest year on record, with worldwide greenhouse gas emissions reaching their highest ever level**. Many local records were also broken in terms of temperatures and frequency of droughts, floods and wildfires.



Source: Copernicus, daily global average surface air temperature anomalies relative to estimated values for 1850–1900 plotted as time series for each year from 1 January 1940 to 2 December 2023. The years 2015, 2016, 2020, and 2023 are distinguished by colour. Dashed horizontal lines are used to highlight the 1850–1900 reference and 1.5°C and 2°C above this reference. Data: ERA5. Credit: C3S/ECMWF.

As a society, we are seeing **more and more contradictory signals or cognitive dissonance** between the institutionalised pursuit of economic growth and productivity, on one hand, and increasing calls to curb our energy use and reduce material flows, as well as all forms of emissions and pollution, on the other. Even governments are getting in on the act, for example with ADEME's “dévendeurs” campaign to combat overconsumption, which has attracted a great deal of attention in France.



Source:
“Le dévendeur et le polo”,
YouTube, ADEME, 14 Novembre 2023.

One of the few certainties is that the future is becoming increasingly hard to predict, quite simply because **our ecosystems are becoming less and less habitable**. The saying “What gets measured gets managed” is particularly true when it comes to the environment. More than ever, we need to continue to measure in order to manage better.

Sycomore AM's **most significant environmental impacts are indirect and caused by the activities we finance through our investments**, referred to as Scope 3 category 15 in the GHG Protocol and the Bilan Carbone method. As such, we pay considerable attention to improving our understanding, assessment and management of the risks, opportunities and impacts that are created.

In addition, we strive to **control and reduce our other indirect environmental impacts**, corresponding to what is known as Scope 2 and 3 (excluding category 15), **and our direct impacts**, corresponding to Scope 1. The main impacts identified are business travel, commuting, buying of services, energy consumption and waste production at our offices, as well as our employee savings scheme.

In this section, we set out our main R&D work and the main **results** achieved in terms of making our contribution, followed by details on our environmental impact study, the key measures taken and our main engagements in 2023.

6.1 Our R&D

We have continued to invest in R&D, including taking part in two major studies. We conducted a pilot study into ADEME's **ACT4FI** method (Assessing Low-Carbon Transition for Financial Institutions). The results of analyses performed using the ACT method are published by the World Benchmarking Alliance and available for hundreds of companies in the energy (oil and gas, utilities), construction, food manufacturing and transportation sectors. The goal of the ACT4FI pilot was to test a sector-specific methodology for financial companies. For the purposes of the project, we **analysed more than 500 issuers over four years, from 2019 to 2022**. The study showed the shift in our assets under management towards more “low carbon” and “in transition” holdings, according to the ACT-based definition. The pilot study – details of which are provided further – gave a preliminary score of **8/A+**, well above the average for the 16 companies taking part in the experiment.

We also carried out a **TNFD pilot study** (Taskforce on Nature-related Financial Disclosures) with I Care by BearingPoint and the NEC Initiative. Published in September 2023, the report highlighted the specific challenge for the finance sector, which, by construction, must integrate and aggregate millions of pieces of information on impacts. Although difficult, such aggregation is not impossible. It must prioritise data that is robust, standardised and useful for decision-making. The study (see inset, opposite) also demonstrated the feasibility and relevance of the TNFD's recommendations, as well as the **usefulness of scientific benchmarks such as the NEC and the taxonomies in performing this data aggregation**.

In addition, we supervised work by students at EDHEC **on taking account of planetary boundaries in finance**. The study showed that this process is still in its early stages and that these boundaries can be incorporated to a large extent in the NEC due to its underlying metrics.

All this work has helped us to develop our roadmap for the next few years in terms of R&D and engagement.

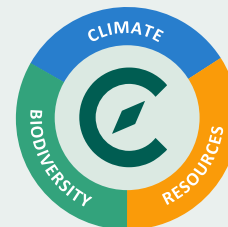
These tools are scientific and taxonomic references that can be used to solve the problem [...] of aggregating millions of pieces of reliable, useful and standardised information.

The study shows that:

- It is advisable and possible to follow the **recommendations of the TNFD**.
- **Regulations in France and the EU provide a favourable framework** for implementing recommendations relating to information for savers and professional investors, including setting targets for 2030 for asset managers.
- It is **useful to make a clear distinction between absolute metrics**, given in physical units, and **relative metrics**, given in ratios, % alignment, % contribution or scores. These two types of measurements are essential and highly complementary, but they are used differently.
- **Holistic taxonomies** such as the EU Taxonomy and the Greenfin label classification system, which incorporate not only climate (mitigation and adaptation) but also pressures on resources and ecosystems, are necessary and already of use. However, they are still binary by construction and **additional transparent, science-based measures of relative contribution are needed that reflect the purpose of economic activities, such as the NEC**.

It is our pleasure to share this study with our stakeholders and we sincerely hope that the TNFD will be able to make a significant contribution to sorting through these scientific and taxonomic references to strengthen the link between the financial sector and the natural world.

What is the NEC?



The Net Environmental Contribution is a **holistic and transparent environmental indicator**.

It measures any economic activity's contribution to the environmental transition on the basis of a score of -100% to +100% according to their impact on climate, biodiversity and resources.

The NEC is based on scientific data and certifications from independent third parties, taken from over 250 sources.

6.2 Our contribution pathway



In 2020, Sycomore AM became a **certified mission-driven B Corp™** committed to **increasing our alignment with the environmental and climate transition**. In 2021, we defined a quantified pathway to 2030 and set new milestones in terms of climate and biodiversity. Our pathway aligns with three sets of standards: **Article 29** of France's Energy and Climate Law, which came into force in 2021; our commitment, validated by the Science Based Targets initiative in 2022; and our adoption of the TNFD's recommendations, in 2023. In 2023, we reached and exceeded our 2030 target in terms of the share of our assets with SBTi-approved 1.5°C targets and using the Science Based 2°C Alignment method (SB2A).


Our pathway to 2030 is guided by four targets:

A main target: reaching an NEC of at least +20% by 2030 for our total assets under management (coverage > 95%). **This is by far the most comprehensive and most demanding target.** To meet it, we must continue our strong efforts to **increase the environmental contribution** of the funds and mandates managed by Sycomore AM. The work we began in 2015 has already led to a 7-point increase in NEC over five years. Another 9 points remain to be gained in seven years.

Two secondary targets focusing only on the climate, expressed in °C of implied temperature rise in 2100 compared with pre-industrial levels. These climate targets are calculated using two different approaches:

- 1. An implied temperature rise of less than 2°C using the SB2A method. Modelling conducted between 2020 and 2023 indicates that such a rise would be consistent with an NEC of more than +20%.**
- 2. A substantial increase in the percentage of equity and bond investments with SBTi-validated targets, to 56% in 2030 for ≤2°C targets and 40% for 1.5°C targets. These two commitments were approved by the SBTi to validate our 1.5°C target for Scope 3 emissions in 2030. The 1.5°C target was exceeded in 2023.**

A company target for the absolute carbon footprint generated by our operations, for which we maintain a **100% renewable** electricity supply and a **100% electric** vehicle fleet. This target has been met since 2020.

INDICATOR	METHOD	2018	2019	2020	2021	2022	2023	2030 TARGET
NEC (%)	Net Environmental Contribution, v1.0, for all assets under management at 31/12/YY (coverage > 95%)	+4%	+7%	+10%	+9.8%	+10.6%	+11.1%	≥ +20%
Implied temperature rise according to SB2A (°C)	Science-Based 2°C Alignment (SB2A) method, v1.2, at 31/12/YY, applied to all equity and bond investments (coverage of all equity and bond investments)	2.3°C (23%)	2.2°C (39%)	2.1°C (38%)	2.3°C (53%)	2.3°C (55%)	2.5°C (72%)	< 2°C (≥70%)
Share of portfolio alignment according to SBTi	Equities and corporate bonds with an SBTi-approved 1.5°C target over all equity and bond investments at 31/12/YY	1%	8%	14%	32%	40%	45%	≥ 40%
 SCIENCE BASED TARGETS (%)	Equities and corporate bonds with an SBTi-approved target of 2°C or below over all equity and bond investments at 31/12/YY	3%	11%	22%	44%	49%	55%	≥ 56%
Absolute GHG emissions for Scopes 1 & 2	In tonnes of CO ₂ equivalent/year (reduction as a % from the base year 2019)	NA	9 (0%)	3 (-66%)	3 (-66%)	3 (-66%)	3 (-66%)	≤ 4.5 (≤-50%)

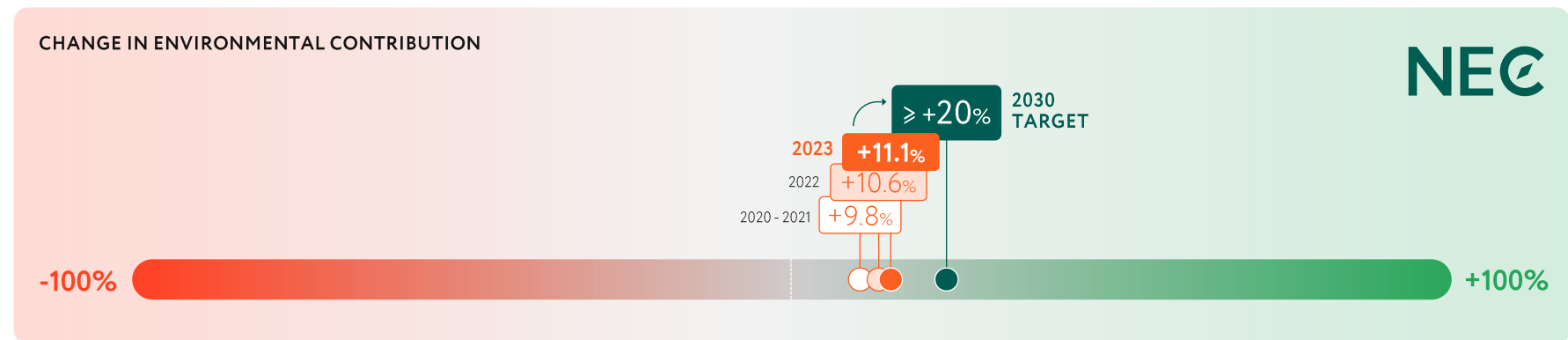
6.3 Our results for assets under management

Our impacts on Nature

In 2022, the **NEC** of all our assets under management rose to **+11.1%**, a slight increase compared with **+10.6%** in 2022. As a reminder, the NEC of the leading European indices ranges from -5% to 0%, e.g. -1.6% for the STOXX Europe 600 and -4.6% for the CAC 40⁸. **This is by far the most comprehensive and most demanding target** in three respects:

- it includes alignment with the entire scope of impacts relating to nature, including **biodiversity, climate and resources**;
- it presents the **highest coverage ratio**, i.e. over 99.7% of invested assets in 2023 and also covers **all asset classes**
- it is based on the **most robust, accurate and structural indicator** in our 2030 roadmap.

To meet the 2030 target, Sycomore AM has to **significantly increase the share of funds with an NEC of over +20%**. This part of the range comprises a growing number of funds, the three largest of which are the two open-ended equity funds, [Sycomore Europe Éco Solutions](#) and [Sycomore Global Éco Solutions](#), and the dedicated fund **Objectif Climat Actions 2**. The range grew further in 2023 with a new mandate and an open-ended bond fund, **Sycomore Environmental Euro IG Corporate Bonds**. At 31 December 2023, these funds together accounted for **14%** of Sycomore AM's total assets under management, compared with 13% at the end of 2022 and 10% at the end of 2021. This increase is the main reason for Sycomore AM's higher NEC score.



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

⁸ NEC 1.0 score calculated by Sycomore AM on the basis of index constituents at 31 December 2022, with a coverage ratio (weight) of 96% to 100% and input data provided by companies from 2020 to 2023.

6.3 Our results for assets under management

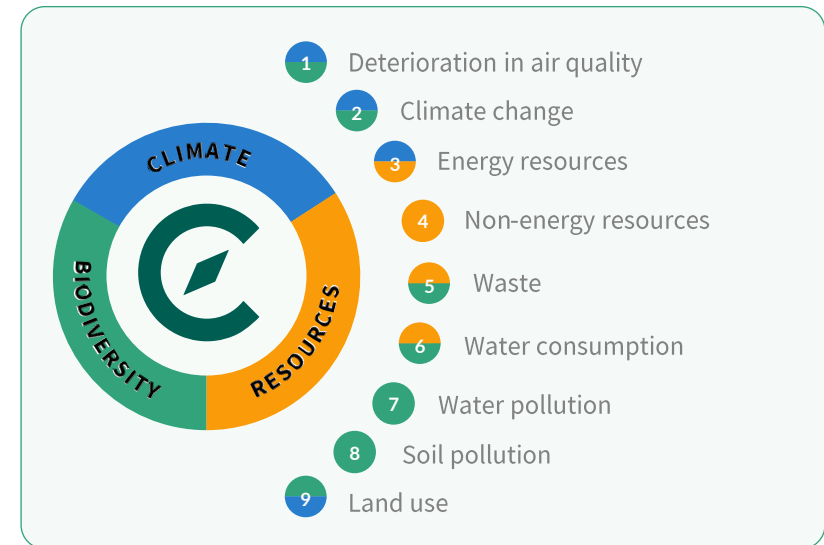
NEC, Biodiversity and Nature

The NEC includes nine environmental impact categories, as shown in the chart opposite. These nine categories relate to three types of impacts: **climate**, **biodiversity** and **resources**. We can see that each of the nine categories relates in whole or in part to **biodiversity**. All emissions and forms of pollution, as well as use of resources, constitute human pressures on diversity and affect ecosystem health, as summarised by the IPBES and recapped in our Natural Capital Strategy.

The term biodiversity covers a very wide variety of scopes, depending on the context. We know most about the observable biodiversity that is “under our noses”: **terrestrial biodiversity of flora and fauna above ground**. However, the diversity of living things stretches much further, including biodiversity in the soil, in aquatic environments, in marine environments and in the air. It also includes all other life forms, from fungi and protozoa to bacteria and viruses. It is this “broad” idea of biodiversity that is taken into account in the IPBES’s synthesis reports, referred to as “**Nature**” by the TFND and covered by the NEC. For example:

- biodiversity is a good indicator of ecosystem health, as a kind of “thermometer” of life and nature
- the NEC aggregates the effects of economic activities on biodiversity and provides **a means of “translating” the main pressures that humans put on the natural world.**

In summary, by looking at biodiversity in the wider sense, the NEC **reflects impacts on nature** in the form of an easy-to-use standardised alignment score known as the **Net Environmental Contribution**.



6.3 Our results for assets under management

Climate alignment

ACT | ASSESSING LOW CARBON TRANSITION®

Climate change is one of the main pressures on nature due to human activities. To further our knowledge of our impacts on the climate, in 2023 we participated in an ACT methodology pilot project for financial players: **ACT4FI**.

For this project, we analysed all our portfolio holdings over a four-year period, from the end of 2019 to the end of 2022, and sorted them into three categories, based on their NEC and the Trajectory & Alignment criterion/flag of our SPICE ESG model:

- **Low-carbon:** NEC $\geq +20\%$ or (NEC $\in [+10\%; +20\%[$ & green flag)
- **In transition:** non low-carbon & green flag
- **Neither one nor the other:** all other companies

The pilot showed that by using ACT categories as an indicator of exposure to transition risk, we significantly lowered our exposure to this risk in four years:

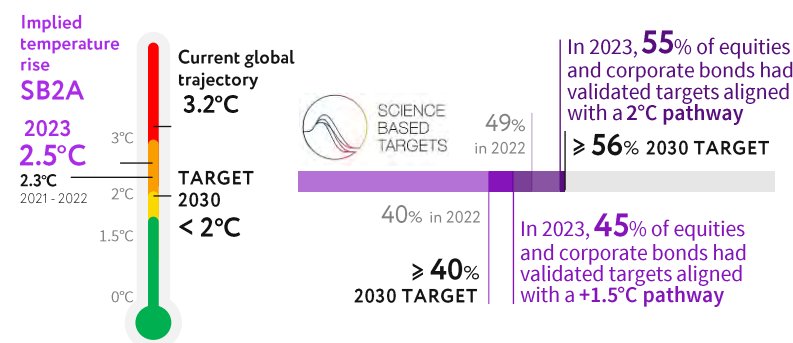
- The “**low-carbon**” green share nearly **doubled, from 17% to 30%**.
- The “**in transition**” share **more than doubled, increasing from 7% to 18%**.
- The **grey share**, neither low-carbon nor in transition, **decreased by one-third, falling from 76% to 52%**.

Year (at 31 December)		2019	2020	2021	2022	STOXX Europe 600, 2022
Sycomore AM AuM in €m (direct investments)		4,845	6,550	8,034	5,906	-
Weighted NEC of direct investments (ACT scope)		+8.1%	+11.9%	+10.8%	+12.7%	-1.6%
As a % of direct investments	“Low-carbon” share	17.1%	27.1%	26.8%	30.0%	7%
	“In transition” share	6.7%	17.2%	19.7%	17.8%	5%
	Remaining share	76.2%	55.7%	53.4%	52.2%	88%

Lastly, the pilot helped us to identify several areas for improvement and gave us a relatively encouraging preliminary score of **8A+**, well above the average of **6.5B=** for the 16 companies participating in this French project. Our aggregated score was **43/60**, compared to the **average of 32/60**.

The **SB2A¹⁰** implied temperature rise increased to **2.5°C** and coverage grew significantly, to **72%**, up from 55% in 2022. The **2030 target for coverage (70%) has therefore been met**. We can consider that the average aggregate value, of 2.5°C is close to being representative, which could not be said in previous years.

The percentage of equity and bond investments that have set targets validated by the **SBTi** has **continued to grow, reaching 55%**, compared to **49% in 2022 and 44% in 2021**. The percentage aligned to a **1.5°C pathway** rose from 32% in 2021 to 40% in 2022 and **45% in 2023**, meeting the 2030 target. These mixed results illustrate the differences between the SB2A and SBTi methods, as already highlighted in our 2021 Responsible Investor Report.



The significant difference between the SBTi and SB2A figures illustrates the need for caution in interpreting these measurements, although we do believe that they are among the most robust in the market. We therefore share them for information purposes and as converging signals of a **partial alignment with the Paris Agreement**.

¹⁰ Science Based 2°C Alignment methodology for modelling the implied temperature rise between pre-industrial levels and 2100, developed by I Care and calculated by Iceberg Data Lab, v1.2.

6.3 Our results for assets under management

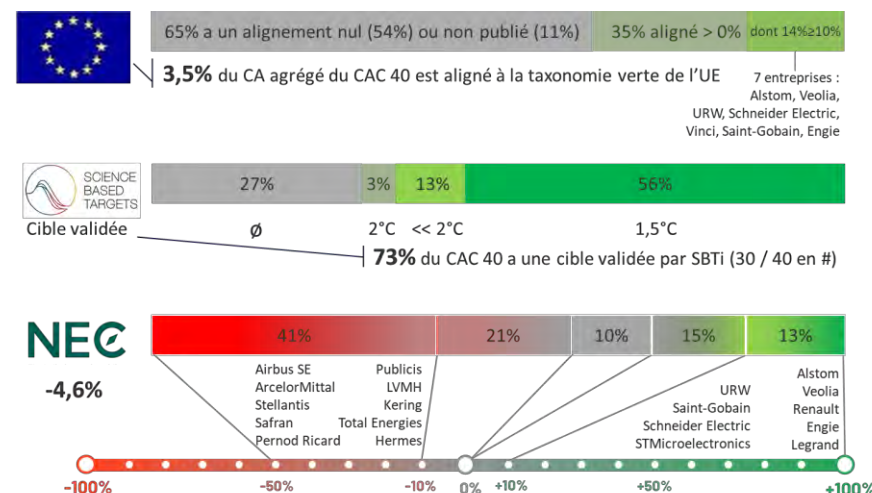
Early lessons of the EU Taxonomy

In 2023, large companies based in the European Union (EU) published their **green shares, i.e. proportions of Taxonomy-aligned** turnover, CapEx and OpEx for 2022, mainly on the basis of the Climate Delegated Act. At Sycomore AM, we look at published turnover and CapEx, as the proportion of OpEx is of less interest in terms of analysis. We also look at the proportion of aligned turnover as estimated by MSCI (88% coverage of our assets under management and 100% of the STOXX Europe 600), since data concerning the proportion of Taxonomy-aligned CapEx is still not widely available (14% coverage of our AuM and 9% of the STOXX Europe 600 at the end of 2023). Furthermore, for both Taxonomy-aligned turnover and CapEx, **MSCI provides estimates that often differ from the figures published** by the company. We provide two analyses below:

- **An estimate of the proportion of Taxonomy-aligned turnover of our assets under management**, based on modelled data from the MSCI, to be considered with caution.
- **Analysis of the CAC 40 based on actual Taxonomy data** published by the companies (35 out of 40) and put into perspective with what we know from the NEC and SBTi.

The first analysis compares our assets under management with an index representative of our equity investment universe, the STOXX Europe 600, with coverage ranging from 88% to 100%. It shows that our assets **comprise around 13% Taxonomy-aligned activities, 3.5 times the index's 3.7%.**

Proportion of turnover modelled by MSCI at 31 December 2023	Sycomore AM Assets under management	STOXX Europe 600
Eligible (coverage)	57.0% (89%)	39.2% (100%)
EU Taxonomy-aligned (coverage)	12.8% (88%)	3.7% (100%)
For comparison, NEC 1.0 scale from -100% to +100%	11.1% (99%)	-1.6% (96%)



CAC 40 comparison based on 2022 data, Sycomore AM analysis, 2023.

¹² Science Based 2°C Alignment methodology for modelling the implied temperature rise between pre-industrial levels and 2100, developed by I Care and calculated by Iceberg Data Lab, v1.2.

6.3 Our results for assets under management

Absolute and relative carbon footprint

When thinking about biodiversity, the NEC informs our investment decisions and allows us to make clear and reliable assessments, as detailed in our TNFD pilot study. In 2023, we continued to measure our **absolute aggregate biodiversity footprint as modelled by the CBF**, which mainly reflected (over 99.9%) the impact of our assets under management and stood at -376 km².MSA¹¹. MSA stands for Mean Species Abundance, representing the equivalent of **376 km² of degraded land**, equal to 3.6 times the size of inner Paris. For the 28% not covered, it is assumed that the corresponding assets have the same relative biodiversity footprint as the percentage for which information is available, i.e. **-52 m².MSA per thousand euros**¹² invested at 31 December 2023. This breaks down as:

- **92% Scope 3 upstream and downstream**, 7.8% Scope 1 and 0.2% Scope 2
- 60% land use, 29.1% water pollution, 7.5% greenhouse gases and 3.4% air pollution, in terms of pressures modelled by the CBF.

On the same basis of Scope 1, 2 and upstream and downstream 3 emissions, the **absolute aggregate carbon footprint** of our assets under management, modelled by S&P was an estimated **4.77 million tonnes of CO₂ equivalent, i.e. 656 kg CO₂e per year per thousand euros**. This breaks down as 9.5% for Scope 1, 3.3% for Scope 2 and **87.2% for Scope 3 (14.2% upstream and 73% downstream)**.

There are a number of limitations to these figures, specific to each underlying methodology, aggregation method, modelling, double counting, mixture of footprints relating to pollution and solutions, etc. They cannot be used directly but do present the advantage of quantifying the general extent of the indirect impact of financial products on the environment. In short, the impact is considerable: **saving or investing is anything but neutral!** This supports our belief that we need to **work on the contents of our portfolios and only use these measurements with regard to the issuers themselves**.

¹¹ Biodiversity footprint according to Iceberg Data Lab, CBF methodology v2.14. It is difficult to compare this figure with the -506 km².MSA published for 2022, as the method and coverage have changed. Using the same method, it becomes -391 km².MSA with coverage of 73% for 2022. ¹² Biodiversity footprint according to Iceberg Data Lab CBF methodology v2.14 with coverage of 72% of total assets under management, and enterprise value including cash (EVIC) as the denominator. It is difficult to compare this figure with the -68 m².MSA per €1,000 published for 2022, as the method and coverage have changed. Using the same method, it becomes -55 m².MSA per €1,000 euros for 2022 with coverage of 73%.

GHG emissions

Since 2015, it has been our choice to publish the carbon footprint of our funds exclusively **for information purposes**, as this indicator does not directly influence our investment decisions. Since 2023, greenhouse gas (GHG) emissions and the metrics derived from this – carbon footprint and carbon intensity – have been included in the three main mandatory indicators of the Principal Adverse Impacts or PAIs under the SFDR. We therefore specify the limitations when publishing these indicators. Although it is very useful to know each company's carbon footprint – including our own – as a way of identifying and prioritising ways of cutting greenhouse gas emissions, **investment portfolios' aggregate carbon indicators should be interpreted with caution and should not be taken into account when making investment decisions, whether in relation to a decarbonisation or climate alignment strategy**, for a number of reasons:

- **The carbon footprint does not take account of the purpose of activities and does not distinguish between avoidable pollution**, such as that caused by private jets, fast fashion and intensive farming, **and emissions generated to roll out solutions** such as insulation, recycling, water and soil decontamination, reforestation or new forms renewable energy generation or electrification.
- **GHG emissions are hard to ascertain over the full life cycle**, particularly for **Scope 3** emissions, which are the most significant. Downstream Scope 3 emissions in particular often make up the largest share. When information about these emissions is available, the figures are usually modelled and increase the likelihood of double counting.
- **For the aggregation method used in investment portfolios, ratios are calculated by dividing physical values by economic values**. Each company's weighted average GHG emissions (or absolute carbon footprint) can be calculated relative to their enterprise value, which gives their relative carbon footprint, or to their annual revenue, known as carbon intensity of revenue. However, this methodology introduces **major additional biases**. For example, the carbon footprint decreases when the share price rises, and carbon intensity increases with inflation.
- **By construction, GHG measurements do not take account of all the other environmental impacts and other pressures on biodiversity**, which can lead to serious misinterpretations.

6.3 Our results for assets under management

Carbon footprint and biodiversity of funds

Since 1 January 2024, we have added downstream Scope 3 emissions to the GHG footprints provided by S&P Global. Up to 31 December 2023, the GHG footprint covered Scope 1, 2 and upstream 3 emissions. **By adding downstream Scope 3 emissions, the GHG footprint increases by an average factor of 3.8**, which means that the missing emissions correspond on average to 79% of absolute emissions generated by our investments.

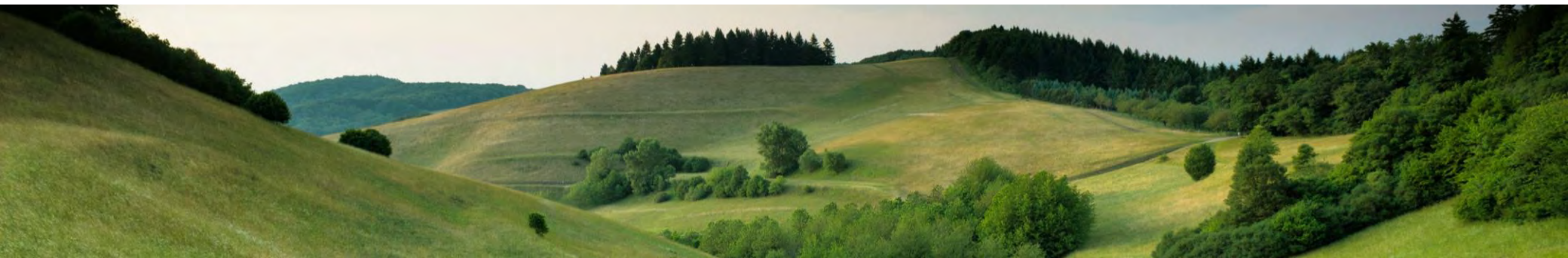
The inclusion of downstream Scope 3 emissions ensures higher quality reporting, in keeping with our Natural Capital Strategy and our measurement of the biodiversity footprint on the basis of the Corporate Biodiversity Footprint (CBF) provided by Iceberg Data Lab, which already includes downstream Scope 3 emissions. The resulting carbon footprint and carbon intensity of our investment portfolios are increased by a factor of 1.4 to 6.8, and still reflect above all their sector mix. On the basis of a stable sector mix and scope, **these changes reflect market effects with no connection to the actual physical impacts.**

In 2021, we saw a general reduction in carbon footprints relative to 2020 as a result of higher factors due to market growth between 31 December 2020 and 31 December 2021. 2022 saw a general market downturn, resulting in the reverse phenomenon of an increase in portfolios' weighted average carbon footprints. **With the general market upturn in 2023, carbon footprints automatically decreased once again.**

As is the case every year, **the funds most aligned with the environmental and climate transition also have the highest carbon footprint scores**, as shown in the table below. Since 2022, **we have seen the same pattern for the biodiversity footprint** as measured by the **Corporate Biodiversity Footprint (CBF)**. This phenomenon can be traced by examining the funds' monthly reports. It is explained in the TNFD pilot study published in September 2023, using the Objectif Climat Actions 2 fund as a case study, and is illustrated by the performance of our **Sycomore Europe Éco Solutions** fund, certified by the Greenfin – France Finance Verte label, as shown below:

As calculated at 31/12/2023, per €1,000 invested, based on EVIC, with coverage from 88% to 98% ¹³	Sycomore Europe Éco Solutions	MSCI Europe (benchmark)
Relative biodiversity footprint (CBF), Scopes 1, 2 and 3 upstream and downstream	-79 m².MSA/€1,000	-55 m².MSA/€1,000
Relative carbon footprint, Scopes 1, 2 and 3 upstream and downstream, according to Trucost/S&P	824 kg CO₂e/year/€1,000	743 kg CO₂e/year/€1,000
Incl. Scopes 1, 2 and 3 upstream	290 kg CO₂e/year/€1,000	158 kg CO₂e/year/€1,000

¹³ Sources: Carbon footprint according to Trucost/S&P data with 89% coverage for the fund and 95% (weight) for the benchmark; biodiversity footprint according to Iceberg Data Lab using the CBF v2.14 methodology and expressed as m².MSA (Mean Species Abundance) per €1,000 of enterprise value including cash.



6.4 Our environmental footprint

As a company, we measure and seek to reduce our **environmental impact**, in particular our carbon footprint, in accordance with the **GHG Protocol** and across our entire value chain excluding investments.

We have a **direct influence** on this footprint (Scope 1 greenhouse gas emissions) and an **indirect influence** through our energy purchases (Scope 2), purchases of goods and services and travel (upstream Scope 3).

We also **evaluate the impact of our employee savings scheme**, which is not included in the GHG Protocol or standard Bilan Carbone protocol. In 2023, these various assessments showed that our impact has **remained unchanged**. They confirmed:

- A factor of 300 between our Scope 1 and 2 GHG emissions and upstream Scope 3 emissions
- A similar order of magnitude for our company's GHG emissions, i.e. Scopes 1, 2 and upstream Scope 3, and our employee savings scheme, which has become a key focus of our efforts since 2021
- A factor of 5,000 between the GHG emissions of our financial assets under management, our downstream Scope 3 emissions, and our company (Scopes 1 and 2 and upstream Scope 3)

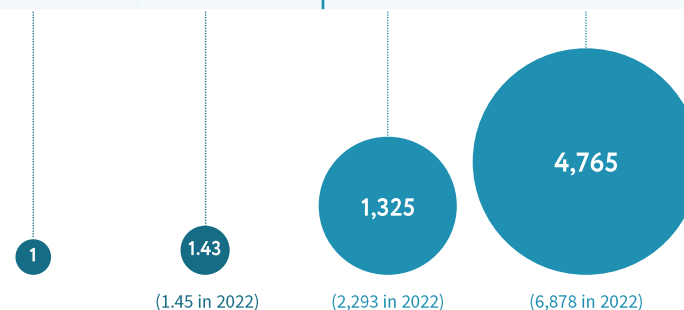
The table opposite summarises the **results of GHG emissions in 2023 according to the GHG Protocol compared with 2022** (shown in brackets).

The increase in the operating carbon footprint relates primarily to the increase in purchases of services in euros, on the basis of an unchanged emissions factor per euro. The increase in the absolute and relative carbon footprints of the employee savings scheme, which is not included in the GHG Protocol, relates primarily to higher volume of employee savings in absolute terms and per FTE. Furthermore, this is just an estimate that remains immaterial as the carbon footprints for non-Sycomore AM products are known. In brief, it does not in any way mean that the climate performance of our employee savings scheme has deteriorated. On the contrary, **the increase of the employee savings scheme's NEC from +4% to +11% between 2022 and 2023 shows that significant progress has been made in terms of alignment with environmental goals.**

The absolute and relative carbon footprints of our investments have diminished slightly. These results are in keeping with a stable volume of assets under management and reflect above all changes in sector mix.

COVERAGE	COMPANY (source: Sycomore AM and I Care ¹⁴)		INVESTMENTS (source: Trucost/S&P ¹⁶ and Sycomore AM calculation, enterprise value including cash (EVIC) as denominator)	
	1, 2 and upstream 3, operating scope	Employee savings (not included in the GHG Protocol)	1, 2 and upstream 3 of investments	1, 2 and 3 (upstream and downstream) of investments
ABSOLUTE FOOTPRINT IN TONNES OF CO ₂ E IN 2023	1,002 (864 in 2022)	1,435 (1,252 in 2022)	1,328,000 (1,359,000 proforma en 2022 ¹⁵)	4,775,000 (5,231,000 proforma en 2022 ¹⁷)
RELATIVE FOOTPRINT IN 2023	13 tCO ₂ e per year and per FTE (11 in 2022)	18.6 tCO ₂ e per year and per FTE (17 in 2022)	183 kg CO ₂ e per year and per €1,000 of AUM (191 proforma in 2022 ¹⁷)	656 kg CO ₂ e per year and per €1,000 of AUM (736 proforma in 2022 ¹⁶)

RATIO WITH FOOTPRINT OF 2022 OPERATING SCOPE



¹⁴ I Care assessment for 2020, with a margin of uncertainty of +/-37%, and Sycomore AM assessment using the I Care method for 2021, 2022 and 2023, with a calculated margin of uncertainty of +/-35%. ¹⁵ Aggregated Scopes 1, 2 and Scope 3 upstream and downstream emissions data at the end of 2022 and 2023, based on 2021 to 2023 data and with an 84% coverage ratio of issuers in 2022 and 85% in 2023. Data for companies not covered were estimated assuming that these companies produce similar emissions to those of the companies covered. NB: these coverage ratios represent 72% of total assets under management in 2022 and 75% in 2023. ¹⁶ 2022 results have been recalculated to reflect the change of method on 31 December 2023, with enterprise value including cash (EVIC) as denominator, and estimated past Scope 3 downstream emissions on the basis of an arbitrary ratio of 2x the sum of Scope 1, 2 and upstream Scope 3 emissions to values modelled by data provider Trucost/S&P. This change resulted in a 31.4% reduction in the 2022 absolute footprint (Scope 1 and 2 and upstream Scope 3), a 28.5% reduction in the relative footprint, a 12% reduction in the 2022 absolute footprint (Scope 1 and 2 and upstream and downstream Scope 3) and an 8% reduction in the relative footprint compared with 2023 figures as published in the 2022 report.

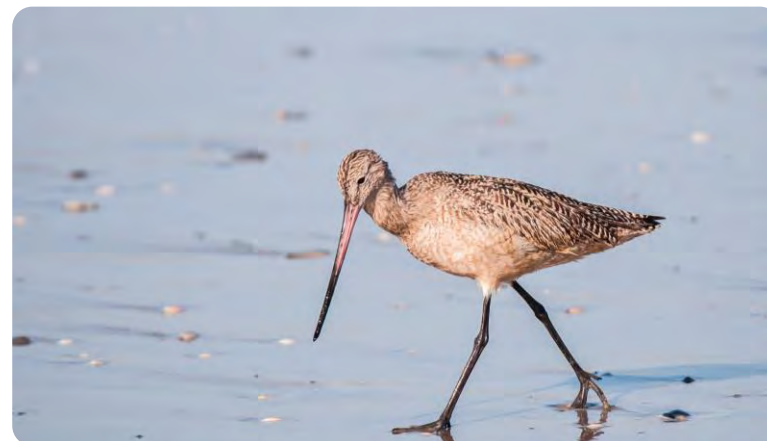
6.4 Our environmental footprint

Focus on our company's own footprint



The methodology developed with **I Care** in 2021 has enabled us to **track our company's own GHG emissions** every year since 2019, as shown below in tonnes of CO₂ equivalent as per the GHG Protocol¹⁷. **Purchases still account for most of our carbon footprint**, generating 85% of the footprint in 2023 (compared with between 85% and 91% from 2019 to 2022). These purchases mainly comprise financial and non-financial data, information and services, as well as events that we organise or attend. As the carbon emissions factors remain unchanged, the increase in emissions from purchases relates directly to the higher amount of purchases, in particular for financial and non-financial data. The increase in travel costs is due to business returning to pre-Covid levels as well as longer-haul travel to Asia (site visits).

COVERAGE	2019	2020	2021	2022	2023
TOTAL (SCOPES 1, 2 AND UPSTREAM SCOPE 3)	765	630	861	864	1,002
SCOPES 1 & 2	9	3	3	3	3
BUSINESS TRAVEL	92	25	51	105	127
COMMUTING	4	2	6	2	2
DIGITAL	20	25	27	16	23
PURCHASES OF PRODUCTS AND SERVICES AND OTHER	640	575	774	736	847



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



Continued use of Castalie water fountains avoided the use of 60,590 bottles, reducing emissions by 7,025 tonnes of CO₂.



Les Joyeux Recycleurs collected and recycled 369 kg of spent coffee grounds, used to produce 66 bags of compost, and 38 kg of capsules were turned into 271 cans.



The SHRED-IT recycling programme enjoyed further success, resulting in the collection of 1.5 tonnes of paper. This initiative has helped to save 24 trees from felling.



The Conibi consortium, which recycles businesses' used printing consumables, recovered 10.4 kg of IT and office waste, stable relative to the previous year.

¹⁷ The world's most widely used GHG emissions measurement protocol, also used by the Carbon Disclosure Project and the Science-Based Targets initiative. See <https://ghgprotocol.org/>. The calculation using the French Bilan Carbone methodology produces virtually identical results.

6.5 Our engagement initiatives

Our engagement initiatives entail significant and ongoing human, technical and financial investment. In 2023, our actions included the following:



We took part in collaborative engagement initiatives at the Engie, TotalEnergies and Carrefour shareholder meetings, to encourage greater integration of climate issues.



Although these three companies have set out formal transition plans, we recommended improvements to align their transition plans with a pathway that would limit global warming to well below 2°C, including setting short- and medium-term targets, rolling out solid action plans and allocating sufficient resources to achieve these targets.

In late 2023, Sycomore Asset Management joined the Finance pathway of the Convention des Entreprises pour le Climat (CEC) organisation. Six sessions over nine months will bring together over 150 executives committed to aligning their business models with the goals of the Paris Agreement.



We continued to share the economic value created by our **Éco Solutions range** through our partnership with **1% for the Planet**, generating €56,000 in funding for two non-profits in 2023:

- **Pro Silva France**, which supports ecological forest management by means of continuous cover forestry
- **Bloom Association**, which combats destruction of the oceans, climate and livelihoods



We expanded our partner network by joining the **Finance for Biodiversity Foundation** and non-profit organisation **Orée**.



We continued our efforts in R&D, monitoring and international collaboration via the PBAF and the Corporate Biodiversity Footprint steering committee. We also expanded our purchases of data and licences from the Alphasense platform and deepened our use and support of the NEC, the basis of our holistic Biodiversity, Resources and Climate approach. The NEC is a real industry standard that is becoming increasingly widely used on an international scale.



We worked on the mix of employee savings products offered to our staff. In 2023, the Finance Department completed the redesign of the Sycomore Actions FCPE fund, which **increased its NEC from +8% in 2022 to over +23.6% in 2023**. This redesign, carried out with the teams at Eres, also benefits employees of other companies that use the fund for their company savings and pension plans.



6.6 The new global context in 2023

The planned rollout of the EU Taxonomy

2023 was an important year for the EU's green classification system¹⁸, with:

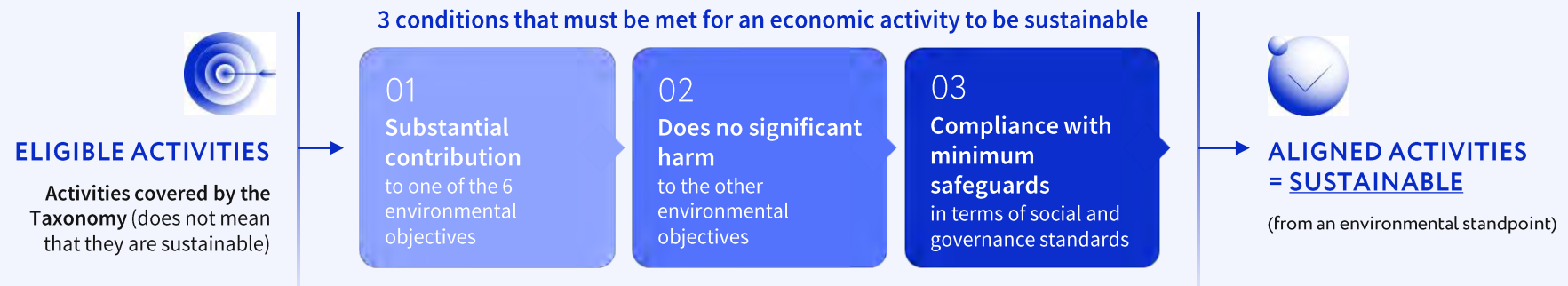
- **The Climate Delegated Act**, revised in March 2022, **coming into force** on 1 January 2023, including gas and nuclear activities subject to conditions. This was followed throughout the year by companies' first publications of their proportions of Taxonomy-aligned turnover, CapEx and OpEx in 2022.
- Second revision of the Climate Delegated Act in June 2023 and the **adoption of the Environmental Delegated Act**, which extends the taxonomy to the four remaining objectives: biodiversity, pollution, marine resources and circular economy.

In **2024**, financial services companies will publish their first full reports on alignment with the EU Taxonomy's climate objectives for the 2023 financial year, including all Taxonomy-eligible disclosures. Reporting on alignment with all six environmental objectives of the EU Taxonomy will be rolled out for non-financial companies in 2025, followed by financial services companies in 2026.

There are very clear and positive lessons to be learnt from the first Taxonomy disclosures by companies in 2023:

- **As soon as activities are covered, understanding of the company's business model and its investments improves.**
- In many cases, this **increased transparency** allows for **better calculation of the company's NEC and better qualification of its transition process** on the basis of its Taxonomy-aligned CapEx, which improves our assessment of transition-related risks and opportunities.

EU TAXONOMY (SOURCE: AMF, NOVEMBER 2023)



¹⁸ See AMF summary: https://www.amf-france.org/sites/institutionnel/files/private/2023-11/20231120_point_presse_rapport_taxonomie.pdf

6.6 The new global context in 2023

The war of the environmental standards

Although the rollout of the EU Taxonomy is well under way and will provide transparency, it does not cover all industries (agriculture, fishing, livestock farming, clothing, retail, etc.) and a number of other classification systems are emerging all over the world. In a globalised economy, these national or regional reference frameworks are limited in scope, as even the EU only accounts for just over 10% of global market capitalisations. Converging these standards will require a proactive approach among financial sector undertakings and operators. We have supported global initiatives such as the TCFD since 2017 and decided in 2023 to support the TNFD by becoming an **early adopter in 2024**.

Post published on LinkedIn:



🌱 Sycomore Asset Management consolide son engagement pour la #Nature et la Biodiversité, au-delà du Climat 🌍

🔗 Sycomore AM est fière de s'engager à suivre les recommandations de la Taskforce on Nature-related Financial Disclosures (TNFD) dès 2024.

💡 Cette démarche volontaire annoncée au **World Economic Forum** de #Davos concerne 320 organisations dans le monde, dont 17 françaises. Parmi elles, Sycomore AM fait partie des 10 entités qui s'engagent dès 2024. Notre étude pilote #TNFD <https://lnkd.in/eSB959Dm>, menée en 2023, nous a permis de préfigurer ce que signifiait pour nous l'apport de la #TNFD. L'étude nous a permis de voir à quel point notre utilisation poussée de la #NEC, Net Environmental Contribution, rendait la tâche plus abordable et les résultats plus tangibles. En effet la NEC nous permet non-seulement d'intégrer les enjeux liés à la nature dans notre prise de décision, dans la gestion des risques et dans nos divulgations, mais également de nous fixer des objectifs à horizon 2030 pour nos fonds et également en tant que société de gestion à mission, comme le demande l'article 29 de la Loi Énergie Climat (LEC) pour le #climat et la #biodiversité.

And the silent battle of the labels

Sycomore AM believes that quality labels also play a decisive long-term role in this silent battle of the standards. This is why we use these labels extensively and promote them. Sustainable finance labels apply to just a few European countries, mainly Belgium, Luxembourg, Germany, Austria and France. While the EU Ecolabel project has stalled, there was plenty of news in relation to national labels in 2023:



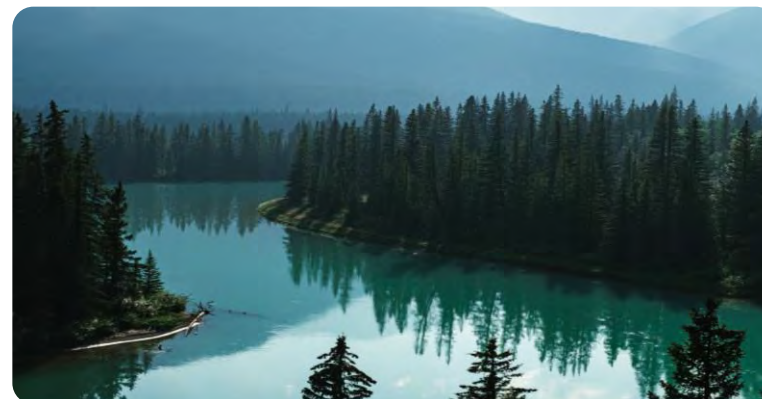
A more exacting and up-to-date version of the **Belgian Towards Sustainability label**



Reform of the **French SRI label** introducing environmental exclusions and a number of new criteria



Inclusion of nuclear activities in the **French label Greenfin** France Finance Verte, to align it with the EU Taxonomy





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