2024

sycomore

Sélection Responsable

Sustainability Performance and Shareholder Engagement Report

This report pertains to the Sycomore Sélection Responsable fund and its feeder fund, SFS Sycomore Sélection Responsable. It describes the funds' investment process, sustainability performance and shareholder engagement in 2023, as required by the SRI label created and supported by the French Ministry of Economics and Finance.

SFDR[1] 8

The FCP fund comes with no guarantee of earnings or performance and carries a risk of loss of principal. Before investing, please see the Key Information Document for the UCITS, available on our website www.sycomore-am.com. Report pertaining to 2023. To learn more about Sycomore AM's sustainability approach, please see our related policies and strategies on our website and read the sustainability report published by the asset management company, as required by Article 29 of France's Energy and Climate Law. The indicators are based on companies' most recently published data (2022 or 2023 in most cases). The ESG performance reported in this document is that of companies in which the fund owned shares at 29 December 2023 and does not represent the fund's direct contribution to this performance. SRI labels help retail investors to identify responsible and sustainable investment strategies. These labels serve as a guide for investors but are no guarantee on the capital invested and do not certify the quality of investment management strategies implemented within the fund. [1] Sustainable Finance Disclosures Regulation – Under the SFDR, an "Article 8" fund is a fund that promotes environmental and/or social objectives.

Contents

01 The fund's investment philosophy

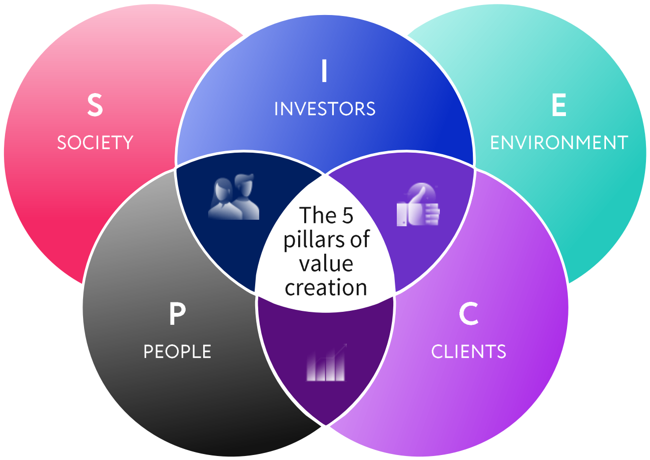
The **Sycomore Sélection Responsable**[1] fund invests primarily in Eurozone countries, with no limitations in terms of sector, style or capitalisation. It follows a **multi-themed socially responsible investing (SRI) approach** that addresses the social and environmental issues covered by the United Nations' **Sustainable Development Goals.**

The fund has **several objectives:**

- It aims to **outperform its benchmark index, EuroStoxx Total Return, in terms of financial returns** (with dividends reinvested).
- It pledges to **maintain at least 70% of its assets in sustainable investments**, as defined by the SFDR, at all times.
- It aims to **outperform its benchmark** at all times with respect to Net Environmental Contribution and Societal Contribution of products and services.

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

1. **A fundamental analysis using Environmental, Social and Governance (ESG) criteria and our SPICE[2] model.** The analysis applies the European Commission's concept of double materiality: as such, it covers risks that are material to the company's business value, as well as the negative social or environmental impacts of its business activities on its stakeholders.



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

[1] For the sake of simplicity, throughout the document, any references to the Sycomore Sélection Responsable fund also apply to the SFS Sycomore Sélection Responsable fund.

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

1.1 Our **definition of a sustainable investment**

In anticipation of the entry into force of the SFDR's Regulatory Technical Standards (RTS) on 1 January 2023, Sycomore AM introduced a **common definition of a sustainable investment** to be used for every investment universe. The definition aligns with the one provided in the SFDR[3] and has three main components:

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

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

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

2 Avoiding investments that may cause significant adverse impacts

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

3 Ensuring the implementation of good governance practices

An investment must meet a minimum score before it can be accepted as sustainable.

This definition can be summarised as follows:

1 Makes a positive contribution

- **NEC** ≥ +10% — Effective measurement of overall environmental impact
- or **SOCIETAL CONTRIBUTION** ≥ +30% — Innovative metric for societal impact of products and services
- or **THE GOOD JOBS RATING** ≥ 55/100 — A company's ability to create sustainable, high-quality jobs for all
- or **HAPPY@WORK RATING** ≥ 4.5/5 — Fulfilment at work as seen by Sycomore AM

2 Does no significant harm

Exclusion policy	Controversy severity 3/3	SPICE rating < 3/5	PAI* policy

3 Follows good governance practices

Governance rating ≥ 2.5/5

*Principal Adverse Impact.

Selectivity

Fewer than 50% of the large European indexes, such as the EuroStoxx, are considered "sustainable" by these criteria. This level of selectivity aligns with the average for French asset management companies, according to a survey conducted by the Association Française de Gestion in February 2023[4].

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

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

1.2 Our ESG **screening** and **selection** criteria

Exclusion of significant sustainability risks or adverse sustainability impacts

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

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

The PAI policy applies exclusively to sustainable investments.

Inclusion of positive environmental or social contributions

Our four selection criteria support companies that provide sustainability solutions:

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

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

1.3 Our **sustainability risk management**

First, to limit the fund's exposure to sustainability risks associated with controversial activities with significant adverse social or environmental impacts, we apply our **SRI Exclusion Policy** and **industry exclusions specific to the fund's label** or certification.

Exclusions include controversial and conventional **weapons**, **tobacco**, **pesticides**, **pornography**, **violations of UN Global Compact Principles**, **fossil fuels** (conventional and unconventional coal, oil and gas) and, more broadly, **carbon-based electricity generation**. Most exclusions are determined by applying strict criteria based on the exposure of company revenue.

Next, the fund's exposure to sustainability risks is managed by requiring a **minimum SPICE rating (3/5).** The SPICE analysis model takes into account the two inextricably linked concepts of **sustainability risks and impacts**. Through its 90 underlying criteria, SPICE analyses the company's exposure to and management of sustainability risks, including risks relating to **business ethics**, **taxes**, **human rights**, **working conditions**, the **subcontracting** chain, environmental disasters, the **ecological and energy** transition, **personal data** protection, and more.

Our SPICE model also covers the **principal adverse impacts**, especially the **SFDR's 14 mandatory PAI indicators** applicable to business organisations, based on their materiality to each company's operations and footprint and the availability of relevant data. For more information, see our Principal Adverse Impact Policy.

Lastly, we sometimes manage companies' exposure to sustainability risks **through our Shareholder Engagement Policy**, which consists in encouraging companies to progress in areas considered to be material, in accordance with our additionality principle.

The overall sustainability risk management framework is adjusted as our methodologies evolve and data becomes available. This framework is systematically reviewed no less frequently than every two years.

Focus on managing biodiversity and climate change risks

Environmental sustainability risks are assessed as part of all our fundamental analyses, in the Environment pillar of our SPICE model. A score out of 5 reflects a company's management of transition risks, physical risks, and risks of biodiversity loss. Each of these assessments covers:

- the four main pressures driving biodiversity loss, as stated by the IPBES[5] in 2019: changes in **land** and **sea use**, **direct exploitation of organisms**, **climate change**, and **pollution**
- the **entire value chain**, i.e. Scopes 1, 2 and 3, both upstream and downstream, as long as they have a significant impact.

Details on our environmental sustainability risk management are provided in Chapter 3 of our **Natural Capital Strategy**.

[5] Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES): independent intergovernmental body established in 2012 and institutionally linked to the United Nations Environment Programme (UNEP), the United Nations Development Programme (UNDP), the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the Food and Agriculture Organization of the United Nations (FAO).

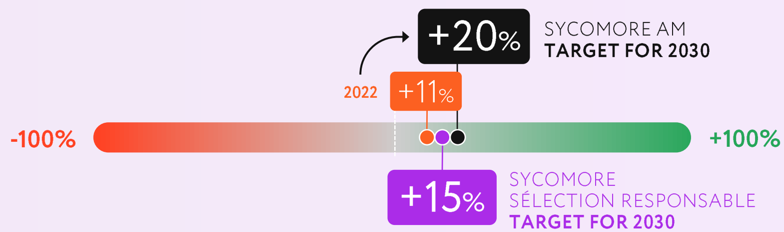
1.4 Our **climate** and **biodiversity** alignment strategy

In 2022, we defined a **quantified pathway to 2030 for our asset management company**. We also set new milestones in terms of climate and biodiversity. Our strategy aligns with three sets of standards: **Article 29** of France's **Energy and Climate Law**, which came into force in 2021; our approach as a certified **B corporation** since 2020; and the commitments we made to the **Science Based Targets initiative** in 2021.

A quantified climate and biodiversity pathway

We defined our pathway using the Net Environmental Contribution (NEC), a holistic environmental indicator covering the **main environmental impacts**: namely, impacts on the **climate**, on **biodiversity** and on **resources**. The NEC is based on a universal standard scale ranging from -100% to +100%, with 0% representing the average of the world economy. It applies to **all business lines** and **all asset classes**.

To reach our company's mission to **increase our investments' contribution to the ecological transition**, we have set the target for **Sycomore AM** to increase our **NEC to +20% by 2030** (from +11% in 2022).



The alignment strategy for Sycomore Sélection Responsable is to maintain the fund's NEC up to 2030 at +15% or above.

The climate component of the NEC represents between 0% and 100% of the metric, depending on the company's operations, for an average weight of 50%. As a complement to the NEC, we also use **two methods** to assess **a company's alignment** with the **Paris Agreement**, especially the target of limiting global warming to well below 2°C compared to pre-industrial levels, by 2100:

1. **The implied temperature rise calculated using the** Science-Based 2°C Alignment **method and expressed in degrees Celsius**
2. **The share of our net assets invested in companies that have set targets approved by the** Science Based Targets initiative

We are exploring the use of Iceberg Data Lab's Corporate Biodiversity Footprint to quantifiably and more accurately measure the overall absolute impact of our investments on biodiversity. This metric provides a model of companies' biodiversity footprint based on their main **sources of pollution**:

- **land use**
- **greenhouse gas (GHG) emissions**
- **air pollution** and **water pollution**

02 The fund's sustainability **performance**

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

OBJECTIVES		INDICATORS TRACKED	
Provide an overall view of the fund's ESG positioning		Share of sustainable investments	80%
		Weighted SPICE rating	3.8/5
		Exposure to SDGs	9(22%) 3 (18%) 11 (15%)
Assess achievement of positive contribution targets and measure ESG performance	E	Net Environmental Contribution	+9%
	E	SB2A climate alignment	2.43°C
	E	SBTi climate alignment	73% <2°C
	E	Biodiversity footprint	-41 m².MSA/k€ invested
	E	Carbon footprint	136 tCO_2e/€M
	E	Exposure to fossil fuels	1%
	S	Societal Contribution	32%
	S	Growth in staff*	8%
	S	Human rights policy	100%
	G	Women on executive committees	25%

*Growth rate over the past three financial years

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

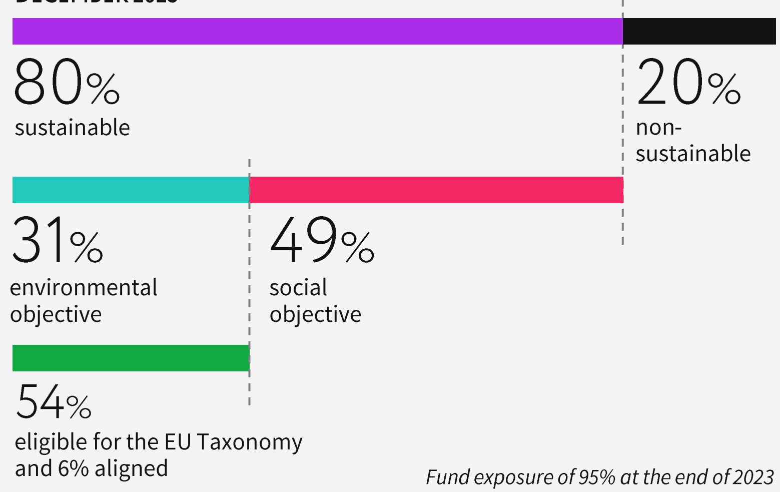
For more information on reporting methodologies and data sources, see our reporting protocol.

2.1 **Sustainable** investments

At the end of 2023, the share of the Sycomore Sélection Responsable fund in **sustainable investments**[6] was **80%**, exceeding the minimum share of 70% set in the prospectus. Of these sustainable investments, 31% were in companies making a positive environmental contribution, such as **Iberdrola** and **Prysmian**, and 49% were in companies making a positive societal contribution, such as **Novo Nordisk** and **Sanofi.**

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

BREAKDOWN OF SUSTAINABLE INVESTMENTS IN THE FUND AT 29 DECEMBER 2023[7]



Fund exposure of 95% at the end of 2023

[6] For more information on our definition of a sustainable investment, see our ESG Integration Policy. [7] For more information on our response to SFDR reporting obligations, see the appendix to the relevant fund management report. * At the time of publication of this report, the information available could not be used to determine the share of investments aligned with the EU Taxonomy.

2.2 SPICE **performance**

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

Because we seek sustainable performance for our clients, our fund manager-analysts examine not only a company’s finances but also how the company interacts with all its stakeholders, to evaluate the robustness of its business model and governance, as well as its environmental and social impacts. Our **proprietary fundamental analysis model**, called SPICE[8], enables us to measure the sustainability performance of our investments.

At the end of 2023, the weighted SPICE rating of investments held in the Sycomore Sélection Responsable fund **was 3.8/5, identical to the 2022 rating and higher than that of the EuroStoxx TR index** (3.56/5). The top-rated companies in the portfolio were **ASML, Legrand, Schneider Electric and Air Liquide**.

CHANGES IN THE FUND’S SPICE RATINGS COMPARED TO ITS INDEX

SPICE

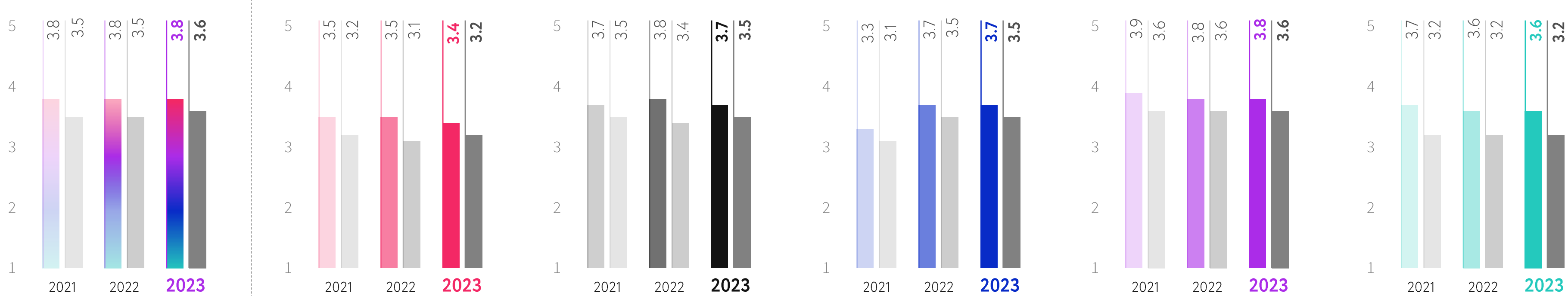
SOCIETY
Societal Contribution of products and services, job creation, corporate citizenship, human rights, control of subcontracting chains

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

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

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

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



Sycomore Sélection Responsable EuroStoxx Total Return

2023 coverage ratio (weight in the fund): 100% / 2023 coverage ratio (weight in the index): 100%

[8] The SPICE rating is the weighted sum of the underlying S, P, I, C and E ratings with the following default weighting: 10%*S + 15%*P + 50%*I (with 60% of the I rating for the business model and 40% for Governance) + 10%*C + 15%*E. This weighting varies according to the company’s business sector.

2.3 Exposure to **Sustainable Development Goals**

In this section, we show the exposure of portfolio companies to the 17 Sustainable Development Goals adopted by the United Nations in 2015 and, more specifically, to the 169 underlying targets. By exposure, we mean the opportunity for each company to contribute positively to the SDGs through its products and services[9].

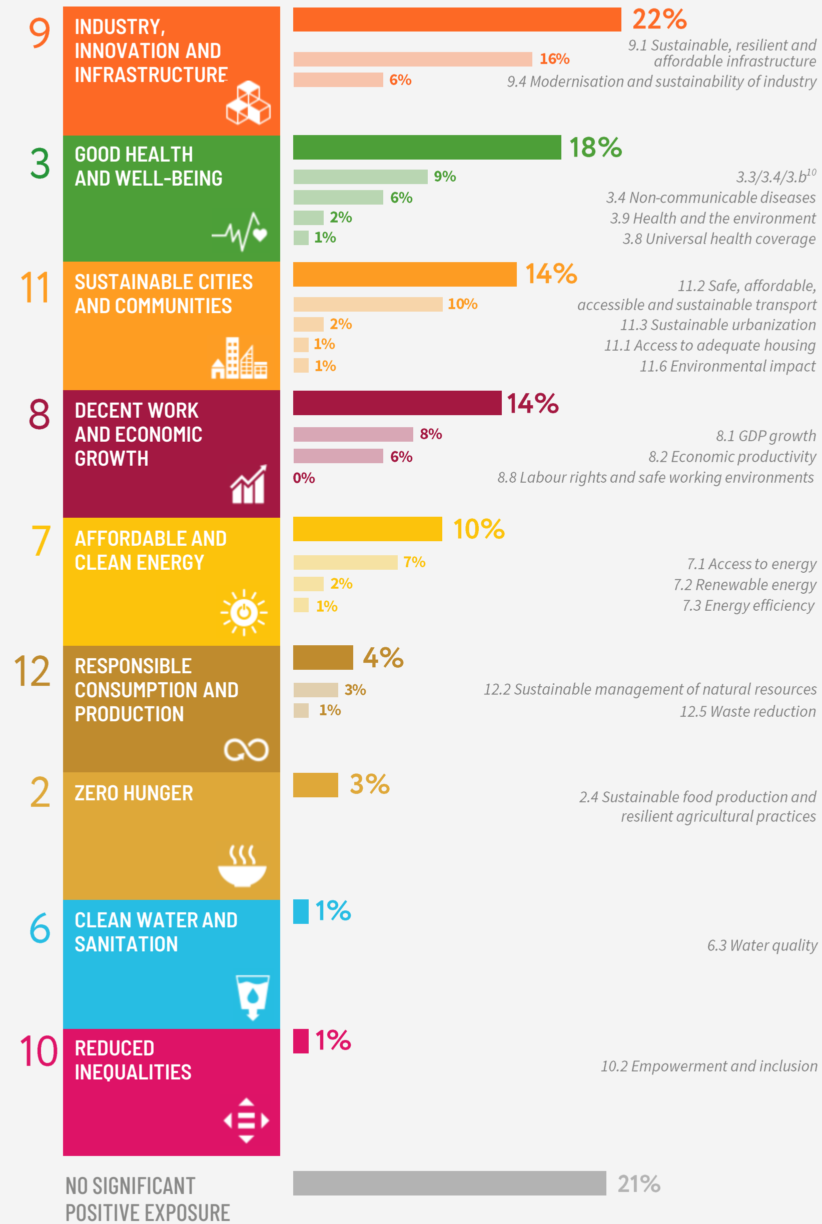
Our analysis is based on a list of activities:

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

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

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

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



[10] Communicable diseases / Non-communicable diseases / Research, development and access to medicines

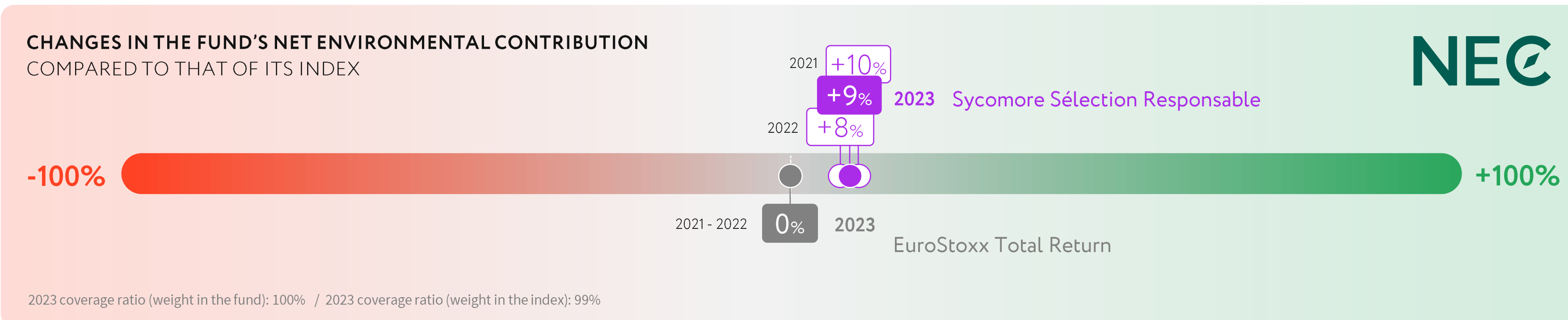
2.4 Sustainability indicators

Environment

Net Environmental Contribution

We assess our investments' contribution to the ecological transition using the Net Environmental Contribution (NEC). **The NEC measures how a company's products and services help drive the ecological transition**. It ranges on a scale from -100% for activities that are highly destructive of natural capital to +100% for activities with a highly positive net environmental impact. In the middle of the scale, **0%** represents the average environmental impact of the world economy[11].

At the end of 2023, the NEC of the Sycomore Sélection Responsable fund stood at **+9%**[12] **compared to 0% for the benchmark index. The fund has therefore achieved its target of outperforming the index.** The NEC increased from 2022 (+8% at the end of 2022), mainly due to higher investments in 2023 in companies like **Smurfit Kappa and Veolia** and divestment from **Kerry**.



Negative environmental contribution

The environmental contribution of **LVMH (NEC -13%)** is negative, mainly **due to the environmental impacts of leather and textile processing. Danone's contribution (NEC -7%)** is also negative, despite having expanded its organic and plant-based product ranges, as a large share of its revenue comes from animal-based dairy products and water sold in plastic bottles.

Neutral environmental contribution

Companies in industries that are less exposed to the ecological transition, such as healthcare for **Sanofi (NEC 0%)** and telecoms for **Deutsche Telekom (NEC 0%)**, are considered to have an environmental contribution of 0% (representing the average for the economy), as their activities do not have material environmental impacts.

Very high environmental contribution

Smurfit Kappa (NEC +79%), a paper packaging company, and **Veolia (NEC +52%)**, a provider of water, energy and waste recycling services, are two examples of companies making very positive environmental contributions.

[11] For more information on the Net Environmental Contribution and underlying methodologies, please visit the NEC Initiative website. [12] NEC 1.0 calculated by Sycomore AM based on company-sourced data from 2020 to 2023.

2.4 Sustainability indicators

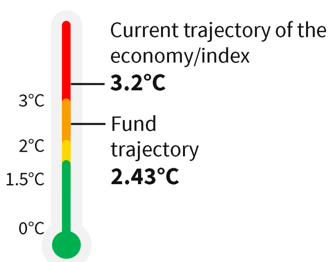
In addition to the Net Environmental Contribution, we measure our investments' alignment with international goals set by the **Paris Agreement** to limit global warming, using two **exclusively climate-based methods**:

Science-Based 2°C Alignment (SB2A)

SB2A is a method developed by I Care and Iceberg Data Lab to measure a company's **alignment** with **low-carbon benchmark scenarios**, based on its past (since 2010) and future climate performance and on how this performance compares to **decarbonisation pathways** within its industry.

The Sectoral Decarbonization Approach (SDA) allocates a **carbon budget to each sector**, based on 2°C scenarios for the sector established by the International Energy Agency (IEA) – namely, the 2°C Scenario (2DS) and the 1.75°C Scenario (Beyond 2°C or B2DS)[13]. SB2A can therefore take into account **all sectors, while differentiating between companies.** The method then converts the company's performance gap – compared to what it should be in a low-carbon scenario – into an "implied temperature rise". A weighted average of 2100 temperature forecasts for each company, according to weight in the portfolio, is then calculated to generate a temperature pathway for the entire fund.

TEMPERATURE-RISE TRAJECTORIES TO 2100



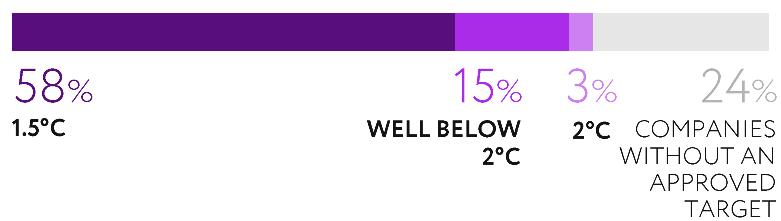
At the end of 2023, the SB2A method covered 89% of the net assets of Sycomore Sélection Responsable. According to the method, the net assets would result in an average temperature increase of **2.43°C** by 2100. Eight percent of the net assets (i.e. 9% of the assets covered by the method) would have an implied temperature rise of ≤1.5°C, while 26% (31% of the assets covered) would have an implied temperature rise of between 1.5°C and 2°C, and 51% (60% of the assets covered) would have an implied temperature rise of more than 2°C.

Science Based Targets initiative (SBTi)

The Science Based Targets initiative (SBTi) was created in 2015 by the CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wildlife Fund (WWF). It encourages companies to set **greenhouse gas (GHG) emission reduction targets** that are based on scientific data and **align with a 1.5°C pathway** that would enable the global economy to halve emissions by 2030 and reach net zero by 2050, in accordance with the recommendations of the Intergovernmental Panel on Climate Change (IPCC) and the Paris Agreement.

At the end of 2023, companies whose GHG emission reduction targets were approved by the Science Based Targets initiative accounted for **73% of net assets held**. Based on the SBTi methodology, **58%** of net assets held were aligned with a **1.5°C trajectory and 15%** with a trajectory "**well below 2°C**" (versus 14% at the end of 2022). Companies having initiated but not completed an SBTi target-setting process or for which the outcome was still pending accounted for **27%** of net assets held. The share of companies with an approved SBTi target in the Sycomore Sélection Responsable fund was **above the average of Sycomore AM's assets under management** (48%).

SHARE OF PORTFOLIO COMPANIES HAVING SET A SBTi TARGET



[13] For more information, see the Energy Technology Perspectives 2017 (ETP 2017) report, which presents three pathways for energy sector development to 2060 and lays the groundwork to achieve the two scenarios mentioned above.

2.4 Sustainability indicators

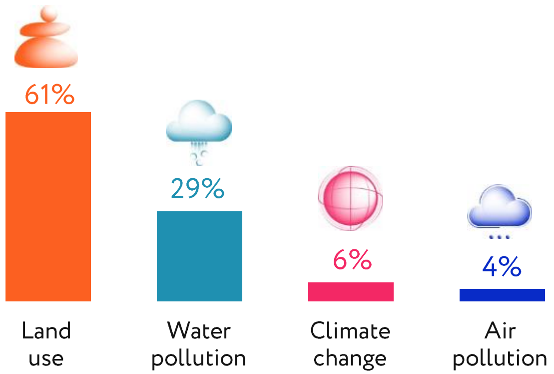
Biodiversity footprint

The Corporate Biodiversity Footprint (CBF) metric was developed by the Iceberg Data Lab to measure a company's impacts on biodiversity, based on their main underlying sources. The metric **covers impacts throughout the value chain** (Scopes 1, 2 and 3). The measurements are aggregated into a footprint expressed in a unit of surface area, the m^2.MSA (Mean Species Abundance). One m^2.MSA represents one square metre of natural land lost due to the company's business activity in year Y. The complete methodology is available online.

At the end of 2023, the coverage ratio of companies in Sycomore Sélection Responsable was **98%**, the same as its benchmark, and **76%** for all Sycomore AM investments. **The fund's biodiversity footprint stood at -41 m^2.MSA per thousand euros invested**, outperforming its benchmark (-53 m^2.MSA per thousand euros invested).

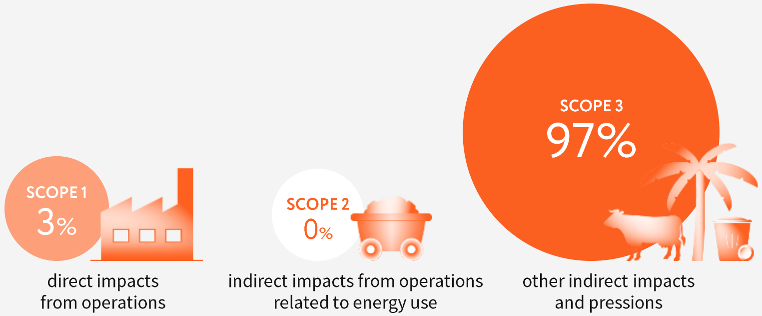
This footprint reflects the impacts of four main pressures on biodiversity **generated by activities in a company's** value chain: **land use**, **greenhouse gas emissions**, **air pollution** and **water pollution**.

BREAKDOWN OF THE FUND'S BIODIVERSITY FOOTPRINT



The biodiversity footprint makes it possible to identify the sources of these impacts and where they occur in the company's value chain. On average, the impacts of the portfolio companies covered are distributed as follows:

BREAKDOWN OF THE BIODIVERSITY FOOTPRINT BY SCOPE



Like its carbon footprint, the fund's biodiversity footprint **mainly reflects its sectoral allocation**. For Sycomore Sélection Responsable, the biggest-contributing sectors are the luxury goods and cosmetics, with the significant contribution of **LVMH**, **L'Oréal and DSM Firmenich**, and **healthcare**, with **Coloplast**, **Novo Nordisk** and **Sanofi**, followed by the food industry, with **Danone, Symrise** and **Unilever,** whose biodiversity footprint is large.

Considering the low portfolio coverage of this indicator, along with changes to its methodology (in which we are stakeholders, as a member of the CBF's steering committee), we communicate the Corporate Biodiversity Footprint strictly for information purposes only, as part of our continuous efforts to explore different methods for modelling our portfolio's biodiversity impact.

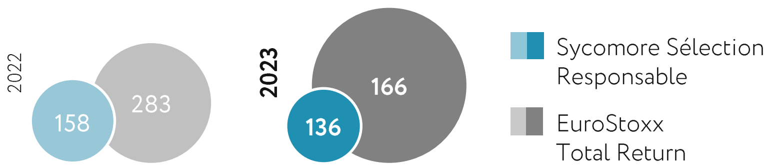
2.4 Sustainability indicators

Carbon footprint

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

At the end of 2023, the weighted average carbon footprint of Sycomore Sélection Responsable was **136 tonnes of CO_2 equivalent per million euros of enterprise value (EVIC), compared to 166 tCO2e** per million euros of enterprise value for its benchmark index. The biggest contributors to this footprint were **Engie** and **Air Liquide**. In contrast, due to the low carbon intensity of their operations, **KBC and Brunello Cucinelli** had very small carbon footprints.

EMISSIONS IN TONNES OF CO_2 EQUIVALENT



Source: Trucost/S&P Global covering GHG Protocol Scopes 1, 2 and upstream 3.
2023 coverage ratio (weight in the fund): 100% / 2023 coverage ratio (weight in the index): 100%

Note: Emissions for 2023 were calculated using enterprise value including cash (EVIC), whereas previous calculations used enterprise value (EV).

Exposure to fossil fuels

The share of the Sycomore Sélection Responsable fund's assets in companies active in the fossil fuel industry, within the meaning of the SFDR, was **1% at the end of 2023** (unchanged from 2022), representing **€5.6 million**. This exposure is mainly related to investments in **Engie**, which produces renewable energy but also operates gas infrastructure, and **Veolia**, which is active in waste and water treatment and also provides district heating services, partly fueled by gas and coal. Veolia has pledged to invest in its transition away from coal assets. Sycomore AM is actively pursuing engagement initiatives with these two companies.

Governance

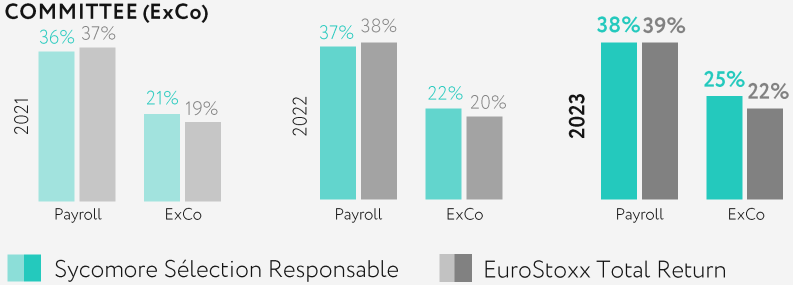
Gender equality

Diversity is a **key success factor of corporate governance** and decision-making. McKinsey Global Institute found that if each company achieved the level of gender equality of the most advanced country in its region, this would add **$12 trillion** to global GDP by 2025[14]. We therefore chose to consider the percentage of women on the executive committee and in the total headcount as an indicator of a company's ability to promote diversity and equal opportunity.

In 2023, the percentage of women on the executive committee at companies held by Sycomore Sélection Responsable came to **25%, higher than that of the EuroStoxx TR** (22%), while the percentage of women out of total staff stood at **38%, lower than the benchmark index** (39%).

Women make up more than 30% of the management board at some companies, such as **Siemens Healthineers**, **DSM**, **Schneider Electric**, **Roche**, and **Compass Group**. Other companies show significant gaps between the percentage of women on the payroll and the percentage of women on the executive committee, such as **LVMH** (71% women in the total headcount versus 14% on the executive committee). We have been engaging with companies featured in our investment universe for several years now to promote best practices in gender equality and support for female talent at all company levels.

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



2023 coverage ratio (weight in the fund): 99% for the executive committee and 96% for the payroll
2023 coverage ratio (weight in the index): 96% for the executive committee and 91% for the payroll

[14] McKinsey Global Institute, "The Power of Parity: how advancing women's equality can add $12 trillion to global growth", 2015.

2.4 Sustainability indicators

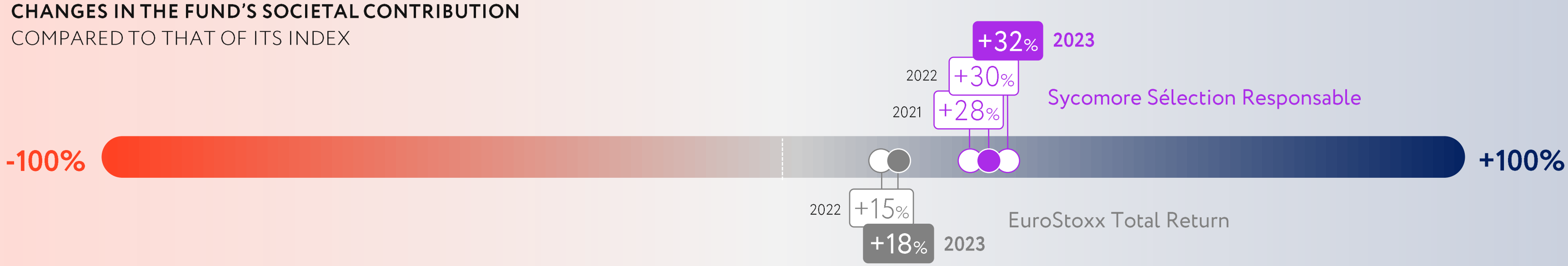
Social

Societal Contribution of products and services

We measure our investments' alignment with major societal issues using the Societal Contribution of Products and Services (SC). The SC is a **quantitative metric**, assessed on a scale of -100% to **+100%,** that aggregates the positive and negative contributions of a given business. It focuses on **three pillars**: **Access & Inclusion, Health & Safety** and **Economic & Human Progress**. The SC is evaluated using sector frameworks defined by our SRI analysts, mainly drawing on the social issues covered by the UN's Sustainable Development Goals[15].

At the end of 2023, the Societal Contribution of products and services for portfolio companies stood at **+32% compared with +18% for the fund's benchmark index** and had progressed from 2022 (+30%). **The fund has therefore met its target of outperforming the benchmark**. The change from 2022 is mainly due to the new investment in **Roche** (SC +81%), **KPN** (SC +60%), and **Coloplast** (SC +54%)

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



2022 coverage ratio (weight in the fund): 100% / 2022 coverage ratio (weight in the index): 94%

Negative societal contribution

Due to their positioning in the high-end and luxury goods industry, **LVMH (SC -22%)** and **Brunello Cucinelli (SC -15%)** are not financially inclusive (Access & Inclusion pillar) and therefore have a negative societal contribution.

Moderate societal contribution

Société Générale (SC +18%), whose activity is almost two-thirds retail banking, and **Compass (SC +15%),** which provides nutritious, balanced, affordable meals, particularly for schools and hospitals, make a positive societal contribution.

Highly positive societal contribution

Pharmaceutical companies, such as **Novo Nordisk (SC +92%) and Sanofi (SC +88%),** which contribute directly to the Health & Safety pillar, and infrastructure companies, such as **Spie (SC +38%),** which promote more sustainable industries and cities (Economic & Human Progress pillar), have a very high societal contribution.

[15] More information on the methodology is available in our Societal Capital Strategy.

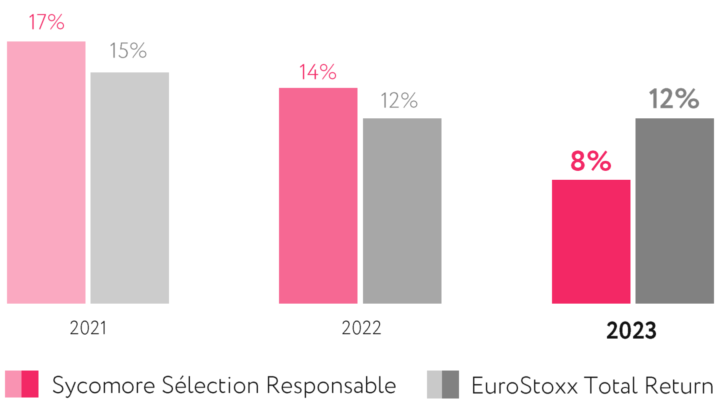
2.4 Sustainability indicators

Growth in staff

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

In 2023, the growth in staff numbers at portfolio companies (8% over three years for the fund versus 12% for the benchmark) was diminished by the structural effects experienced at companies such as **Renault** (3.1% of the fund) and **Danone** (2.2%) following their exit from operations in Russia. They obscure the **strong momentum enjoyed by some of the companies in which we invest, in particular, Novo Nordisk (+42%) and LVMH (+30%)**. In contrast, other companies showed less vigorous or even negative growth in staff, including **Société Générale** and **Sanofi**.

CHANGES IN STAFF NUMBERS OVER THREE YEARS



2023 coverage ratio (weight in the fund): 100% / 2023 coverage ratio (weight in the index): 100%

Human rights policies

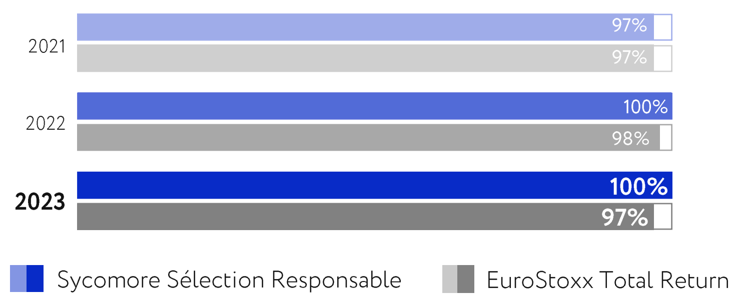
Human rights encompass **the rights of employees** and, more broadly, those of local communities and members of civil society **affected by a company's operations or activities.** Sycomore AM has implemented a dedicated **human rights policy** since 2020.

In line with the United Nations Guiding Principles (UNGPs), we assess a company's respect for human rights by considering, in addition to the existence of a human rights policy, its **human rights due diligence processes**, the **salient risks**, and its **grievance mechanisms and remedy framework**.

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

In 2023, the percentage of portfolio companies with a formal human rights policy was 100%, as in 2022, and exceeded that of the benchmark (97%). In 2022, through the **French Sustainable Investment Forum** (FIR), we helped to build a set of criteria for use in quickly analysing a company's exposure to forced labour and child labour. We continued this work in 2023 with an engagement phase involving multiple companies. A report on the first year of this collaborative initiative was published in French.

PERCENTAGE OF COMPANIES WITH A HUMAN RIGHTS POLICY



2023 coverage ratio (weight in the fund): 100% / 2023 coverage ratio (weight in the index): 99%

03 Engagement and voting

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

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

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

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

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

3.1 Our engagement initiatives

In 2023, we formally engaged with **26 portfolio companies** (25 in 2022), having identified **88 areas for improvement** during the year (64 in 2022). Close to **83% of these initiatives** involved **individual dialogue**, while the **remaining 17%** were part of **collaborative initiatives**. Nearly one-half of the areas discussed with companies involved transparency, about 40% pertained to strategy, and the remainder concerned non-financial performance.

Out of the shareholder engagement initiatives taken in 2023, **49%** directly concerned **corporate governance** (pillar I of the SPICE analysis). The main issues raised included **executive compensation**, especially the transparency of compensation reports and the alignment of compensation criteria with the interests of all stakeholders, and the structure, procedures and practices of the board of directors.

Twenty initiatives, accounting for **23% of our actions**, concerned **human capital management** within portfolio companies. Most of the dialogue aimed to improve gender equality at all levels of the organisation, including our membership in the 30% Club, which promotes at least 30% female representation on executive committees at SBF 120 companies.

Twelve initiatives, accounting for **21% of our actions**, concerned **environmental issues**, especially companies' **climate strategies and alignment with Paris Agreement targets**. We approached individual companies directly and also took part in collaborative initiatives. Examples are our contacts with Engie ahead of its shareholder meeting and our work to encourage companies to put forward Say on Climate resolutions for their shareholders' vote (**Air Liquide** and **Renault**).

The list of companies in the Sycomore Sélection Responsable portfolio with which we engaged in dialogue in 2023 is available in the appendix.

3.1 Our engagement initiatives

Risk management and engagement

In the course of our dialogue initiated to discuss **controversies**, we communicated **areas for improvement** to several companies: to **Engie**, the management of its methane emissions, especially those from the venting operations of its subsidiary Storengy; to **Sanofi**, the monitoring of psychosocial risks in the context of its staff reductions in recent years; to **Novo Nordisk**, its communications to the general public about its anti-obesity drugs; and to **SAP**, following the announcement of a restructuring, the publication of human capital indicators (especially internal mobility and employee attrition, by geographical area and job position, and the impact of restructuring on employee engagement).

This dialogue generally provided reassurance regarding the measures being taken to reduce the risks brought to light by these controversies. It was also an opportunity to **delve more deeply into material ESG issues** for these companies and to encourage them to be **more transparent** about the steps they are taking to limit the negative impacts associated with these risks.

Progress monitoring

82

engagement initiatives assessed in 2023

55% **improvements observed** following the 82 initiatives

48% of engagement initiatives **still in progress**

We also monitored the advancement of **32 portfolio companies** on **82 areas for improvement** submitted in 2021. On 55% of these points, we **noted partial progress or achievement** of the target. **Engie** communicated to us that it planned to hold half-yearly meetings to improve the transparency of its decarbonisation strategy. **Dassault Systèmes** incorporated social and environmental criteria into its CEO's compensation, and **SAP** reached a percentage of 44% of seats on the board of director (not including employee representatives) held by women in 2022.

OUR ENGAGEMENT WITH novo nordisk®

In 2023, we interacted several times with the management at **Novo Nordisk** , particularly regarding their marketing campaigns in the United States for Wegovy, the anti-obesity drug launched by the group, and Ozempic, an insulin regulator initially developed for patients with diabetes, but now also prescribed **to treat obesity**. Controversy has arisen over these products' side effects.

The group informed us that it has contacted every public health agency to bring new attention to the prescription criteria for Ozempic. Nonetheless, it conceded that it has limited control over physicians' prescribing practices.

During our dialogue, we discussed the **risks of side effects** from the use of Wegovy or Ozempic, especially gastrointestinal problems and an increase in suicidal thoughts or self-injury. The Pharmacovigilance Risk Assessment Committee (PRAC) of the European Medicines Agency (EMA) launched a study on this topic in July 2023. In April 2024, it reported that a causal association could not be made between the medicines and the risk of suicidal and self-injurious thoughts and actions. The FDA has also published similar conclusions.

We will remain vigilant about potential side effects, given the expected growth in the use of these drugs. Some studies estimate that the number of patients treated will exceed 40 million in 2030 (including almost half in the United States).

These medicines reduce the risk of a major cardiovascular event among patients who have already had a cardiovascular incident. They also reduce the risk of relapse for people suffering from kidney disease.

Lastly, we have kept a close eye on the debate over the **pricing** of Ozempic and Wegovy. In the United States, which represents the near totality of the weight-loss drug market, the cost of one month's treatment per patient is about $1,000 (before health insurance coverage), versus just over $150 in Canada and slightly less than $100 in the United Kingdom or France.
We will continue to monitor these issues regarding treatment side effects and pricing.

3.1 Our engagement initiatives

OUR ENGAGEMENT WITH SAP

In January 2023, **SAP** announced a **restructuring plan** affecting **3,000 employees** (about 2.5% of the workforce). We dialogued with the company on several occasions in our work to assess responsible restructuring and paid particular attention to the following points:

- The **reasons** for this restructuring and whether other options could have been explored, to save more jobs
- The **decision makers** (especially employee representatives and the leeway given to managers)
- The **soundness of the layoff strategy** in certain departments or geographies
- The **timing of communications** and the **methods** used to inform employees and their representatives and answer their questions throughout the process
- For the employees affected by the restructuring, the **content of the proposed plans**: financial assistance (and whether the amount exceeds the regulatory minimum), career resources, internal mobility opportunities, etc.
- For employees not directly affected: the **potential impacts** on the corporate culture, well-being at work and employee engagement.

In SAP's case, the company's communication and the resources provided to allow employees to ask questions appeared to be well organised and included a dedicated online space, team discussions, meetings with top management and the opportunity to ask questions face-to-face. The laid-off employees received benefits packages over and above regulatory requirements along with career assistance services, and some found a new position within the company.

We nevertheless made several recommendations, in particular for greater **transparency** regarding the number of employees who found new employment at SAP, how the restructuring was perceived internally, the level of employee engagement and the training plans that were implemented, in line with the strategic reasons given for the reorganisation (shift of focus to the cloud, sustainability offerings and artificial intelligence).

SAP having announced a **new layoff plan in early 2024** (8,000 employees), we are continuing our action. Our discussions cover restructuring and broader human capital issues: changes to the telework policy, the possible implementation of a new performance appraisal system, and changes to management.

OUR ENGAGEMENT WITH HERMÈS PARIS

As part of our **collaborative engagement** efforts led alongside the Interfaith Center on Corporate Responsibility (ICCR) with textile companies, and in support of the management company CBIS (Christian Brothers Investment Services), we continued to dialogue with **Hermès** in 2023 to better understand the resources that the company deploys to identify, prevent and remedy the potential human rights impacts of its business and value chain.

During our two interactions in 2023, we reiterated our requests and recommendations on **publishing information on raw materials sourcing**. The company states that it cannot be fully transparent for reasons such as industry competition.

However, without disclosing the names of its suppliers, Hermès could consider reporting data per raw material and per country, as well as extend reporting past the first tier in the supply chain. The company remains open to suggestions and plans to increase its transparency in its 2024 publications by describing its responsible sourcing approach and criteria in more detail.

3.1 Our engagement initiatives

OUR ENGAGEMENT WITH sanofi

In 2023, we continued our dialogue with **Sanofi**, in particular regarding the **prevention of psychosocial risks**. For the third consecutive year, the group conducted its "Your Voice" in-house employee survey, with an 80% response rate. The employee engagement score was 7.5/10 (up 0.1 point from 2022).

We will continue to pay special attention to **growth in staff in 2024**, especially in the context of the company's intention to spin off its Consumer Healthcare business and its recent announcements concerning its R&D division.

We had several discussions with the group about the controversy surrounding **Depakine (sodium valproate)**, a drug used in the treatment of epilepsy and as a mood stabiliser for bipolar disorders. This medicine has been on the market since the late 1960s and is highly effective, but it must not be used by women during pregnancy, due to a risk of severe foetal malformations and neurodevelopmental disorders for children exposed in utero. This contraindication gradually became known with the advancement of scientific knowledge over time.

Sanofi has stated that it communicated about the risk of congenital malformations as of the early 1980s. It alerted the health authorities on several occasions starting in the early 2000s and requested that the drug's information documents be updated.

Nevertheless, 79 families, representing 133 people exposed to the drug in utero, brought a civil suit against Sanofi France for failure to inform on the patient information leaflet. Thirty cases are pending. A few proceedings are also ongoing in Switzerland, Spain, Belgium, Ireland and the United Kingdom.

Furthermore, a claim was filed in November 2023 by the mother of two autistic children who was never treated with the drug. However, during both her pregnancies, she worked near the plant that manufactures Depakine, in Mourenx, southwest France. Since August 2022, the Paris judicial court has been conducting a public health investigation into this plant for the release of toxic emissions up to 2018.

We will continue to follow these issues closely. Although the group appears to have taken the necessary measures to ensure patient and environmental safety, Sanofi can still be held liable for past acts.

We are also monitoring the controversy surrounding **Zantac**. Sanofi sold a generic version of this drug in the United States from 2017 to 2019. Legal action has been taken by many claimants who accuse Zantac of causing or contributing to the development of certain cancers, despite no evidence being found by the FDA or the EMA.

Sanofi recently announced the out-of-court settlement of 4,000 claims in the United States. According to the press, the overall amount of the transaction was about $100 million, or $25,000 per claimant. There are still 23,000 open cases against Sanofi, which, based on the size of the recent settlement – unconfirmed by the company – could cost Sanofi $575 million. It seems likely to us that these claims will have to be resolved before the group can separate its Consumer Healthcare business.

In 2024, we will remain watchful for weak signals concerning **relations between the board of directors and the executive committee**. We are favourable to integrating, as of 2024, an improvement in dialogue between the group's two governance bodies as a factor of the compensation paid to CEO **Paul Hudson**.

3.2 Our voting at **shareholder meetings**

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

54 shareholder meetings with **voting rights**

988 **resolutions**

74% of shareholder meetings with **at least one vote against**

13% **votes against**

Share of votes against	Topics
32%	Shareholder resolutions
21%	Capital transactions
20%	Executive compensation
20%	Other topics
8%	Board appointments and compensation
5%	Formalities
5%	Amendments to articles of association
0%	Employee stock ownership and approval of financial statements and management

In 2023, Sycomore AM revised the internal categories it uses to classify resolutions, due to the increase in the number of items in the "Other" category, as well as to better align with the classification used by the ISS and thereby reduce the risk of error, while maintaining consistency. Details about these changes can be found in our 2023 Proxy Voting Annual Report

The average opposition rate was 12.7%. As shown in the graph, the highest rates of opposition were met with by shareholder resolutions (37% of votes against) and capital transactions (21%). Regarding capital transactions, we defended minority interests when voting on authorisations submitted for shareholder approval.

Most of the **shareholder resolutions** on which we voted in 2023 pertained to the election and compensation of directors in Italian companies. The percentage of votes against can be explained by the fact that, in compliance with local practices, shareholders can only support one list of nominees. If a vote is cast in favour of the list of nominees submitted by the board of directors, then a negative vote must be cast against any list proposed by the shareholders. Among the other proposed resolutions, we supported the climate strategy put forward by **Engie**.

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

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

Eight resolutions covered **sustainability issues**, including **four Say on Climate initiatives**:

- Sycomore AM opposed **Schneider Electric**'s first Say on Climate resolution, as we felt it was missing some key information, such as absolute reduction targets for Scopes 1 and 2 by 2025, the share of offsets in the Net Zero 2050 goal for Scope 3, and more granular information on capex.
- Having co-submitted the Say on Climate shareholder resolution at **Engie**'s shareholders meeting, we naturally voted in favour of it. The proposal garnered 24.38% of "for" votes at the 2023 meeting and a 48% approval rate after excluding the shareholding of the French government.
- At **Carrefour**'s shareholders meeting, we voted in favour of the resolution to quantify the various strategies implemented by the company to reduce its Scope 3 emissions. This resolution was initially put forward by shareholders, including Sycomore AM, before being proposed by the board.
- We also cast a "for" vote for **EDP**'s Say On Climate resolution. Other resolutions that we supported pertained to the corporate social responsibility reports published by Banco Santander and Iberdrola and to Unilever's policy on donations.

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PORTFOLIO INVENTORY OF SYCOMORE SÉLECTION RESPONSABLE AT 29 DECEMBER 2023

COMPANY	WEIGHT IN PORTFOLIO	NEC	SC	SUSTAINABLE INVESTMENT	ENGAGEMENT BY SPICE* PILLAR
ASML	5.07	6%	27%	Social	Investors
SIEMENS	5.05	20%	43%	Environment and Social	
LVMH	4.40	-13%	-22%	Social	People
SCHNEIDER	4.35	13%	38%	Environment and Social	
KPN	4.29	0%	60%	Social	
AIR LIQUIDE	4.15	1%	18%	Non-sustainable	Environment, Investors
PRYSMIAN	4.12	28%	24%	Environment and Social	Investors
SOCIÉTÉ GÉNÉRALE	3.98	0%	18%	Non-sustainable	
MICHELIN	3.85	-2%	25%	Social	
SANTANDER	3.26	0%	35%	Non-sustainable	
RENAULT	3.11	26%	33%	Environment and Social	Environment, Investors
SAP	3.05	5%	20%	Social	Environment, Investors, People
AXA	3.02	0%	37%	Social	
KBC	2.86	0%	26%	Social	Investors
L'OREAL	2.79	-5%	15%	Social	Clients, People
SMURFIT KAPPA	2.78	79%	0%	Environment	
IBERDROLA	2.69	58%	35%	Environment and Social	Environment, Investors
VEOLIA	2.57	52%	43%	Environment and Social	Environment
INFINEON	2.55	15%	32%	Environment and Social	
LEGRAND	2.41	16%	33%	Environment and Social	
DANONE	2.18	-7%	52%	Social	
SANOFI	1.99	0%	88%	Social	Investors, People
DEUTSCHE TELEKOM	1.82	0%	50%	Social	People
AUTOLIV	1.69	3%	35%	Social	
ADVANCED MICRO DEVICES	1.68	2%	24%	Social	

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

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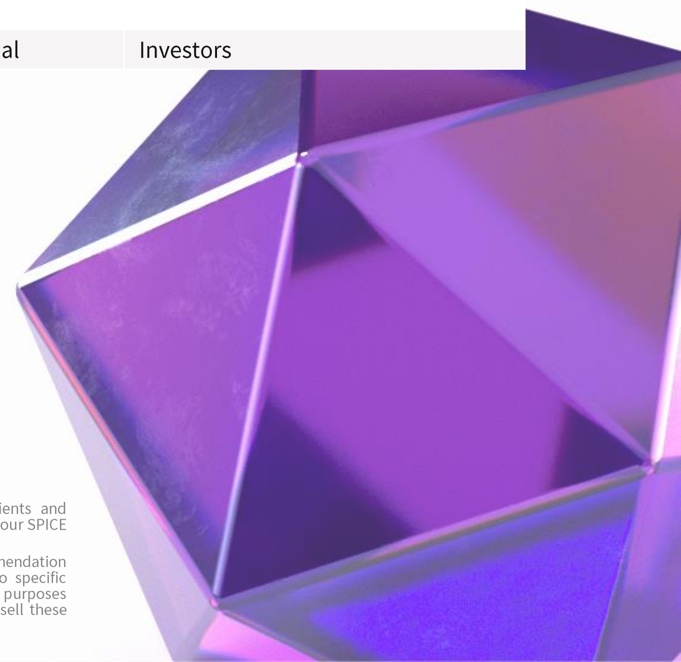
COMPANY	WEIGHT IN PORTFOLIO	NEC	SC	SUSTAINABLE INVESTMENT	ENGAGEMENT BY SPICE* PILLAR
BUREAU VERITAS	1.50	-1%	53%	Social	
COLOPLAST	1.46	0%	54%	Social	
CAP GEMINI	1.27	2%	21%	Non-sustainable	
MERCK KGAA	1.25	0%	64%	Social	
Novo Nordisk	1.23	0%	92%	Social	People
DSM	1.16	-3%	20%	Non-sustainable	
BRUNELLO CUCINELLI	1.15	-10%	-15%	Social	
SYMRISE AG	1.12	4%	12%	Social	
COMPASS	1.09	0%	15%	Non-sustainable	
ESSILORLUXOTTICA	1.04	0%	61%	Social	Investors
ROCHE	0.98	0%	81%	Social	
SPIE	0.92	14%	38%	Environment and Social	
UNILEVER	0.61	-8%	6%	Non-sustainable	
SIEMENS HEALTHINEERS	0.47	0%	87%	Social	
ENGIE	0.44	21%	35%	Environment and Social	Investors

INVENTORY OF COMPANIES HAVING ENTERED AND EXITED THE PORTFOLIO IN 2023

COMPANY	ENGAGEMENT BY SPICE* PILLAR
INTESA SANPAOLO	Investors
HERMÈS	Investors, People, Society
MUNICH REINSURANCE COMPANY	People
WORLDLINE	Investors
ORSTED	Environment
CARREFOUR	Environment, InvestorsPeople
BNP PARIBAS	Environment, Investors
EDP-ENERGIAS DE PORTUGAL	Environment
ALFEN	Environment, Investors
DASSAULT SYSTEMES	Investors
CLARIANE	Investors, Society

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



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