

A blurred background image of a person wearing a purple shirt, with their hands visible in the foreground.

SOCIAL CHARTER

# Our approach to social impact investing

“We are convinced that companies addressing today’s social challenges either through their practices, or through their products and services, are best positioned to deliver sustainable operational and financial performances”.

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# The social dimension is core to our approach as responsible investors

**The aim of this document is to share our approach to social capital with all our stakeholders, and particularly, with the companies we target in our investments.** This approach is perfectly aligned with our philosophy and our positioning as a responsible investor.

We are convinced that investors have a key role to play in supporting the development of an economy able to address major environmental, social and societal challenges: we make our investment decisions to foster a more durable and inclusive economy, and we work together with our investee companies to support their transformation in response to these challenges. Our goal is to make purposeful investments on behalf of our clients by creating sustainable and shared value.

This was our mindset when we developed Sycomore AM's *raison d'être*.

## OUR “RAISON D’ÊTRE”

We invest to develop a more durable and inclusive economy and to generate positive impacts for all our stakeholders.

## Our mission: to give a human dimension to investment

*Our ‘raison d’être’ is proof that social factors are core to our approach as sustainable investors.*

# Our 3C vision

Building on the stakeholder theory, developed notably by Freeman<sup>1</sup>, we have identified the **social challenges faced by companies** through their different stakeholders - meaning all players impacted either positively or negatively by their activities. Through our approach, we assess the extent to which these companies address the **key issues affecting 3 stakeholders** – the 3C.



## CONSUMERS

Do the company's products and services contribute to:

- ... the better **integration of vulnerable populations**?
- ... **improving the quality of life, safety and well-being of consumers**?



## COWORKERS

What role does **human capital** play in the company's strategy?

Does the company provide a **healthy working environment** that fosters employee **well-being, self-motivation** and **fulfillment**?



## COMMUNITIES

What is the **company's net impact** on the **economic development** of the **regions** in which it operates, in terms of employment?

Does the company **behave ethically** in terms of **taxation, regulations** and **human rights**?

<sup>1</sup> Stakeholder Theory: The State of the Art – R. Edward Freeman (1984)



## Our 3C vision

We aim for comprehensive coverage of our stakeholders' social needs and in doing so, go beyond the recommendations of the European Economic and Social Committee (EESC). Looking ahead to the future implementation of a **Social Taxonomy**, the EESC has indicated that the focus should be on several key objectives, including sustainable and inclusive growth, full employment and quality jobs, equitable distribution, health and quality of life, and gender equality<sup>2</sup>.

Not only do we address **SDGs 1, 2, 3, 4, 5, 8, 10 and 11**, as recommended by the EESC, but we also track **SDGs 6, 7, 9, 12 and 16**.



## HUMAN RIGHTS

We analyse the main human rights risks affecting consumers, employees and communities, notably to ensure the company's human rights policies are aligned with the three key items recommended by the UN's Guiding Principles on Business and Human Rights, namely: a human rights policy, adequate due-diligence and a whistleblowing system.

**We help our investee companies formalise their commitment in a Human Rights Policy:**

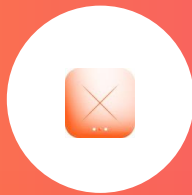
Supporting companies and helping them improve how they consider human rights within their entire value chain is very important to us. With this goal in mind, we encourage companies to formalise their commitments in a Human Rights Policy aligned with recognised international standards, and importantly, with the UN's Guiding Principles for Business and Human Rights (UNGPs).

For more information, please read our Human Rights policy:  
<https://fr.sycomoream.com/telecharger/1087821149>

<sup>2</sup> European Economic and Social Committee opinion on the theme of "Social taxonomy – Challenges and opportunities" [own-initiative opinion]] – Rapporteur: Judith VORBACH – 20.01.2022.

# Our 3A approach

Our approach builds on three pillars:



## AVOID

... activities considered to be particularly harmful, in compliance with the recommendations of the EESC, as well as companies involved in major controversies, notably on human rights issues.



## ASSESS

... the **company's net impact** for the 3 stakeholders identified above, based on 3 proprietary metrics



## ACTIVELY ENGAGE

... the companies and help them **develop best practices** that will allow them to improve their net social impact

## Our 3A approach

### Management of adverse impacts

**Our SRI Exclusion Policy aims to limit our funds' exposure to a number of sustainability risks caused by controversial activities due to adverse environmental or social impacts.**

Applicable to all our assets under management, our general policy excludes controversial weapons, coal, tobacco, pesticides, pornography and violations of the UN Global Compact. In addition, the policy applied to all SRI funds and investment mandates also excludes conventional and non-conventional oil and gas, and more broadly, the production of power from the burning of fossil fuels. Most of these exclusions are determined using strict criteria based on the percentage of a company's revenue exposed to these activities.

Specific to the energy sector, and depending on the fund's investment strategy, tolerances are applied to allow our teams to support companies that have developed robust transition plans. Similarly, a specific stewardship approach is used with companies exposed to fossil fuels in order to drive progress and help reach the goals of the Paris Agreement.

*All analysis factors referred to in this document are embedded within our ESG SPICE analysis model. For information on this model, please read our [ESG integration policy](#). More information can also be found in our [principal adverse impact policy](#).*



# Consumers

- ❑ **What do we do?** Evaluate the net impact of the company's products and services.
- ❑ **Why?** To address key issues for society.
- ❑ **How?** Via our unique 'Social Contribution' methodology.



## WHY SHOULD INVESTORS TAKE AN INTEREST IN THE NET IMPACT OF A COMPANY'S PRODUCTS AND SERVICES?

Our goal is to establish whether the products and services offered by the companies meet the UN's 17 Sustainable Development Goals and their 169 associated targets.

We therefore determine whether the company's products and services have a net positive impact, considering the overall services provided, and if they help to address key social issues.



## Consumers

WHY SHOULD INVESTORS TAKE AN INTEREST IN THE NET IMPACT OF A COMPANY'S PRODUCTS AND SERVICES?

OUR RESPONSE WITH THE 3A:

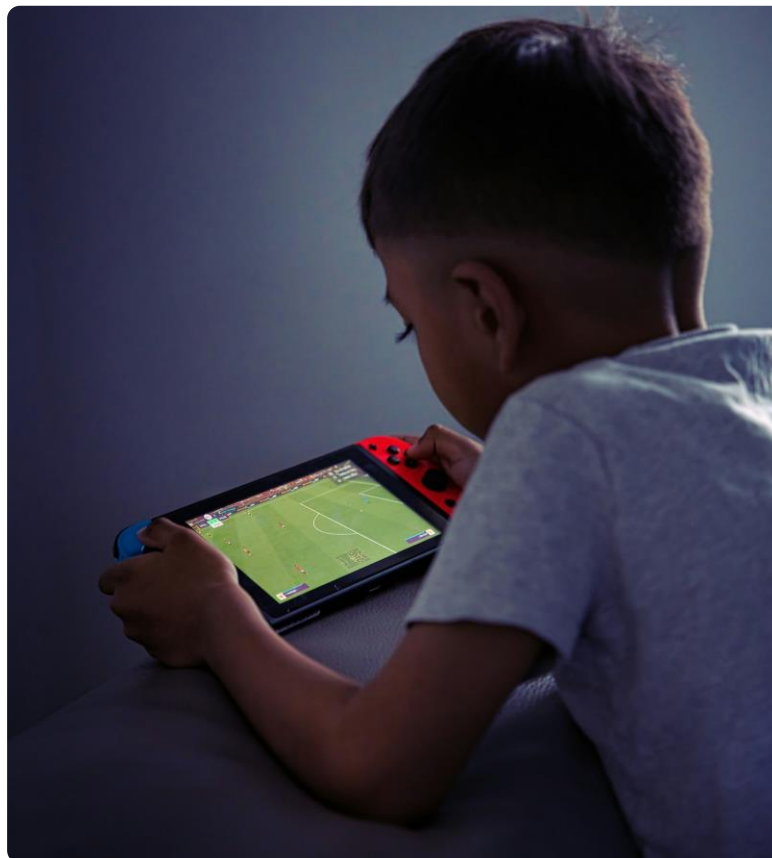
### AVOID

ASSESS

ACTIVELY ENGAGE

## AVOID

Other than the sectors barred from our investment universe by our exclusion policy ([fr.sycomore-am.com/telecharger/1502266784](https://fr.sycomore-am.com/telecharger/1502266784)), **we also identify products and services scientifically proven to be harmful to physical or mental health** (addiction problems).



## Consumers

WHY SHOULD INVESTORS TAKE AN INTEREST IN THE NET IMPACT OF A COMPANY'S PRODUCTS AND SERVICES?

OUR RESPONSE WITH THE 3A:

AVOID

**ASSESS**

ACTIVELY ENGAGE

### ASSESS: our unique metric, the Societal Contribution

In 2016, Sycomore AM developed a proprietary metric to measure the net impact of a company's products and services: **the Societal Contribution (SC)**.

As opposed to the environmental EU taxonomy, the factors taken into account to analyse societal performance are rarely quantifiable.

The SC addresses this issue by introducing a **scoring system** and offering reliable and readable markers. In the absence of a standardised (notably European) social taxonomy, the SC – and the 20 sector benchmarks we have developed, is a net impact score that enables us to make informed and objective investment decisions.

It is also granular: while the social taxonomy is expected to be binary, similar to the environmental EU taxonomy, the SC scores from **-100% to +100%**, applicable at business, company or entire portfolio level.

In doing so, our methodology relies on the societal aspects of the **UN's 17 Sustainable Development Goals (SDG)** and their 169 targets. It also incorporates **macroeconomic and scientific data** sourced from public institutions and **public repositories of scientific knowledge** (Access to Medicine Foundation<sup>4</sup>, Haute Autorité de Santé, Access to Nutrition Initiative<sup>5</sup>, WHO, Health Star Rating System<sup>6</sup>).

**We quantify the net impact of a company's products and services on a scale of -100% to +100%.**

Today's key societal issues can be split into **two pillars**:

- Product and/or service offerings targeting **vulnerable populations**;
- Product and/or service offerings that **contribute to improving quality of life, safety and well-being**.

For each company under review, we determine the **Societal Contribution of each of its businesses (weighted according to their contribution to revenue)**, based on the net impact assessment of products or services across these 2 pillars.

<sup>4</sup> ATM 2022 Index - <https://accesstomedicinefoundation.org/resource/2022-access-to-medicine-index> • <sup>5</sup> Access to Nutrition Index - <https://accesstonutrition.org/>

<sup>6</sup> Health Star Rating - <http://www.healthstarrating.gov.au>

## Consumers

WHY SHOULD INVESTORS TAKE AN INTEREST IN THE NET IMPACT OF A COMPANY'S PRODUCTS AND SERVICES?

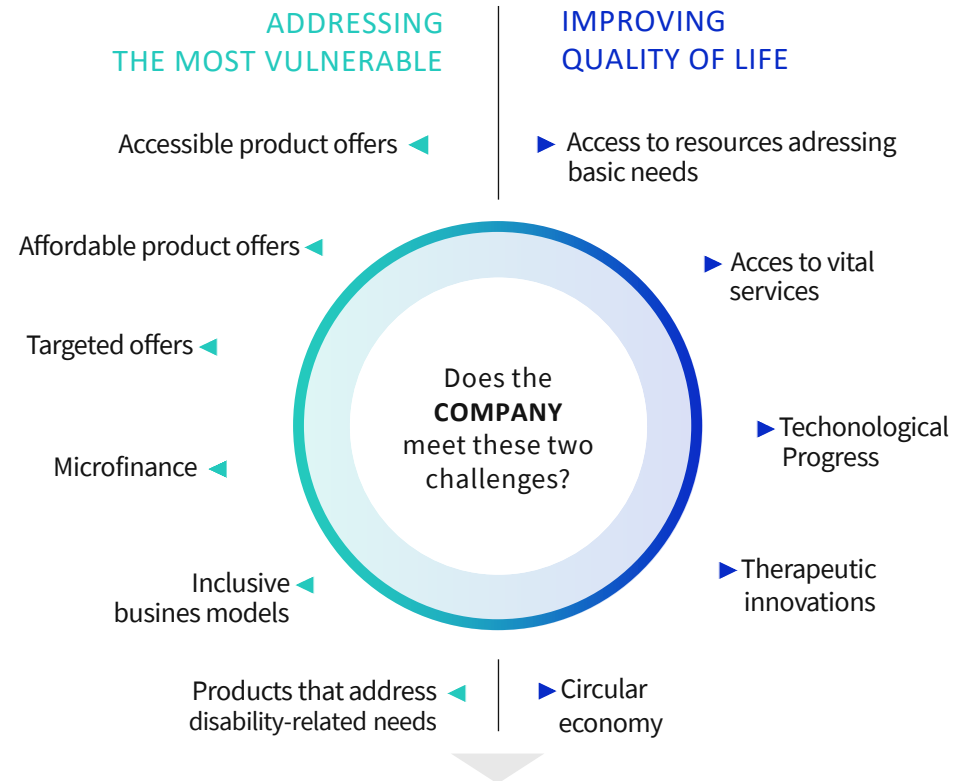
OUR RESPONSE WITH THE 3A:

AVOID

**ASSESS**

ACTIVELY ENGAGE

**ASSESS**: a unique metric, the **Societal Contribution**



The analysis of each company is based on criteria defined according to the sector(s) in which it operates

**20 IDENTIFIED SECTORIAL FRAMEWORKS**

Company sales analyses by business

**= COMPANY'S SOCIAL CONTRIBUTION**

(-100% <-> +100%)

## Consumers

WHY SHOULD INVESTORS TAKE AN INTEREST IN THE NET IMPACT OF A COMPANY'S PRODUCTS AND SERVICES?

OUR RESPONSE WITH THE 3A:

AVOID

**ASSESS**

ACTIVELY ENGAGE

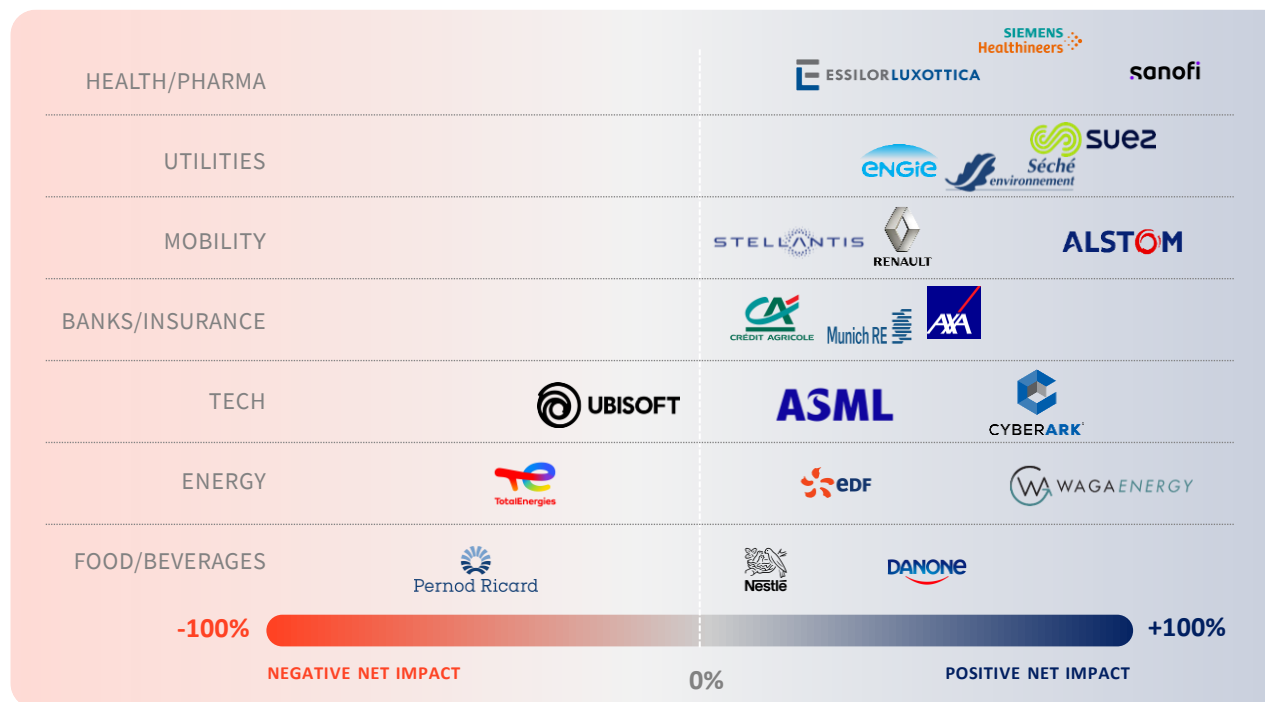
### ASSESS: a unique metric, the Societal Contribution

Drawing on almost 10 years' experience and the analysis work condensed within this metric, we have quick and easy access to the societal contribution of a company's product and service offering, whatever the sector, allowing us to invest in companies displaying a positive Societal Contribution.

The Societal Contribution, a proprietary metric owned by Sycomore, is much more comprehensive and granular than the future Social Taxonomy is likely to be. Furthermore, the latter is not expected to come into effect shortly.

The Societal Contribution offers a simple and clear response to the complex issue of a company's net societal contribution, based on a scoring system.

The complexities surrounding 'societal impact' are amplified by the relative scarcity of data – as fewer quantifiable data are published than for environmental issues.





## Consumers

WHY SHOULD INVESTORS TAKE AN INTEREST IN THE NET IMPACT OF A COMPANY'S PRODUCTS AND SERVICES?

OUR RESPONSE WITH THE 3A:

AVOID

ASSESS

**ACTIVELY ENGAGE**

### ACTIVELY ENGAGE

We principally engage our investee companies on the following issues:



**Consumer health & safety, quality of products/services**



**Policies designed to improve the accessibility of products and services**



**Human Rights**



# Coworkers

- ❑ **What do we do?** Evaluate how a company considers its human capital.
- ❑ **Why?** To foster individual fulfilment by encouraging a quality working environment.
- ❑ **How?** Via our unique Happy@Work methodology



## WHY SHOULD INVESTORS TAKE AN INTEREST IN HUMAN CAPITAL?

Research has shown that on the one hand, unhappiness at work comes at a cost for the company, and on the other, that workers who feel fulfilled are more engaged and perform better over time. For example:

Companies where workers are truly engaged tend to experience lower turnover, absenteeism and work-related accidents than their competitors, as well as better productivity, and therefore higher growth<sup>7</sup>.

A study conducted by Deloitte has revealed that poor management of mental health at work can be costly for companies (51 billion pounds per year for private employers in the UK) for multiple reasons, including: higher rates of absenteeism and sick leave, poor motivation and higher turnover. Conversely, every pound invested in workplace mental health initiatives generates a return on investment of £4.70 by boosting productivity<sup>8</sup>.

The World Economic Forum estimates that six out of ten workers will require upskilling before 2027, but only half have access to suitable training programmes at present. 44% of the employers surveyed consider that their employees will have to learn new skills over the next five years. This comes at a cost but also creates opportunities: two thirds of the companies reviewed expect professional training to deliver a return on investment the following year, via higher job mobility, improved employee satisfaction, or better productivity. Working on new skills and anticipating needs through employee training is a key factor that will allow companies to retain talent and remain competitive<sup>9</sup>.

<sup>7</sup> Gallup, State of the global workplace, 2024 (State of the Global Workplace Report - Gallup)

<sup>8</sup> Deloitte, Mental Health and employers, 2024

([deloitte.com/uk/en/services/consulting/research/mental-health-and-employers-the-case-for-employers-to-invest-in-supporting-working-parents-and-a-mentally-healthy-workplace.html](https://deloitte.com/uk/en/services/consulting/research/mental-health-and-employers-the-case-for-employers-to-invest-in-supporting-working-parents-and-a-mentally-healthy-workplace.html))

<sup>9</sup> Forum Economique Mondial, Future of Jobs report, 2023 (WEF Future of Jobs 2023.pdf ([weforum.org](https://weforum.org)))



## Coworkers

WHY SHOULD INVESTORS TAKE AN INTEREST IN HUMAN CAPITAL?

OUR RESPONSE WITH THE 3A:

### AVOID

ASSESS

ACTIVELY ENGAGE

## AVOID

We assess **how companies integrate human capital** and how **they ensure that the fundamental rights of their employees are respected**. As such, we pay particular attention to **health & safety, social protection, social dialogue** and **collective representation**, and to the **payment of decent wages in all regions**. We also **ensure that these companies are not involved in severe controversies** owing to HR issues.



## Coworkers

WHY SHOULD INVESTORS TAKE AN INTEREST IN HUMAN CAPITAL?

OUR RESPONSE  
WITH THE 3A:

AVOID

ASSESS

ACTIVELY ENGAGE

### ASSESS

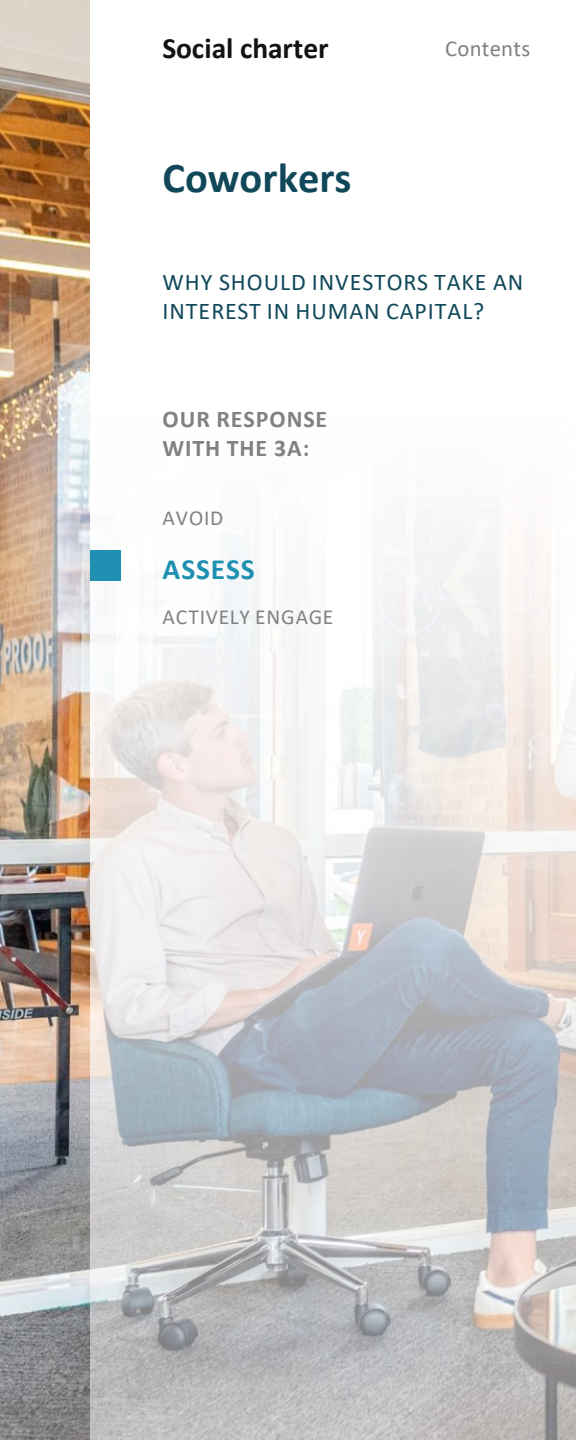
Our **twenty-year-experience working with companies** has taught us the following:

**Companies that stand out over time and enjoy exceptional stock market performances share a common feature: a strong corporate culture and high employee engagement, driving collective success.**

Convinced that quality human capital management can drive sustainable performances for companies, we began developing our **proprietary “Happy@Work” metric** in 2015. Thanks to this metric, we are able to identify the companies that stand out for their superior consideration of human capital.

Our Happy@Work methodology is:

- A method designed to analyse human capital based on quantitative and qualitative information...
- ... that considers different experiences within the company: from the management’s vision to the employee’s opinion...
- ... using multiple criteria to account for the various components that form a working environment.





## Coworkers

WHY SHOULD INVESTORS TAKE AN INTEREST IN HUMAN CAPITAL?

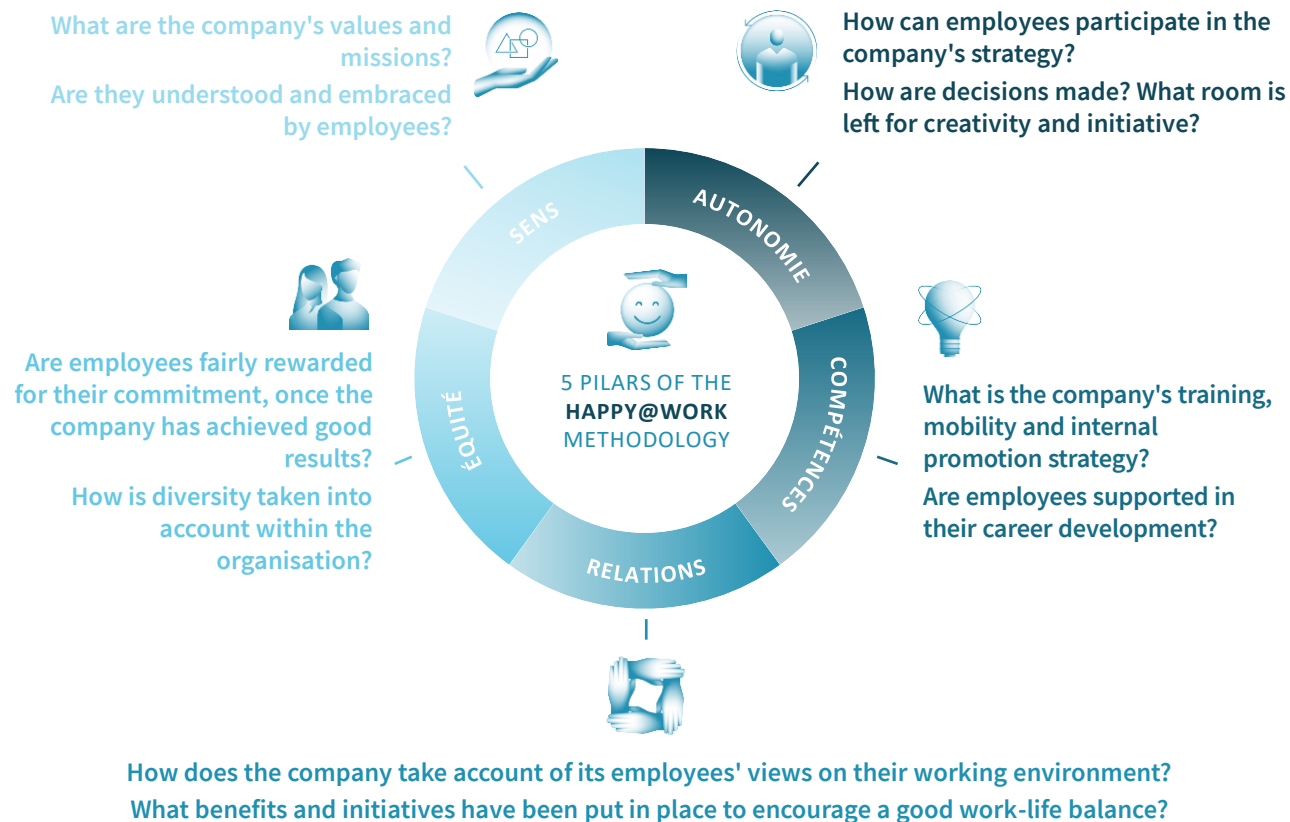
OUR RESPONSE WITH THE 3A:

AVOID

**ASSESS**

ACTIVELY ENGAGE

### ASSESS: fulfilment at work according to Sycomore



**This analysis draws from multiple sources:** data published by the company, public employee reviews(Glassdoor), dialogue with specialist players (expert networks, brokers, consultants), company meetings (investor relations, sustainability departments, human resources, diversity & inclusion), on a stand-alone basis or through collaborative engagements. The process also benefits from our 20-year experience working closely with investee companies.

## Coworkers

WHY SHOULD INVESTORS TAKE AN INTEREST IN HUMAN CAPITAL?

OUR RESPONSE  
WITH THE 3A:

AVOID

ASSESS

**ACTIVELY ENGAGE**

### ACTIVELY ENGAGE

We principally engage our investee companies on the following issues:



**Diversity**



**Employee mental health**



**Responsible restructuring**



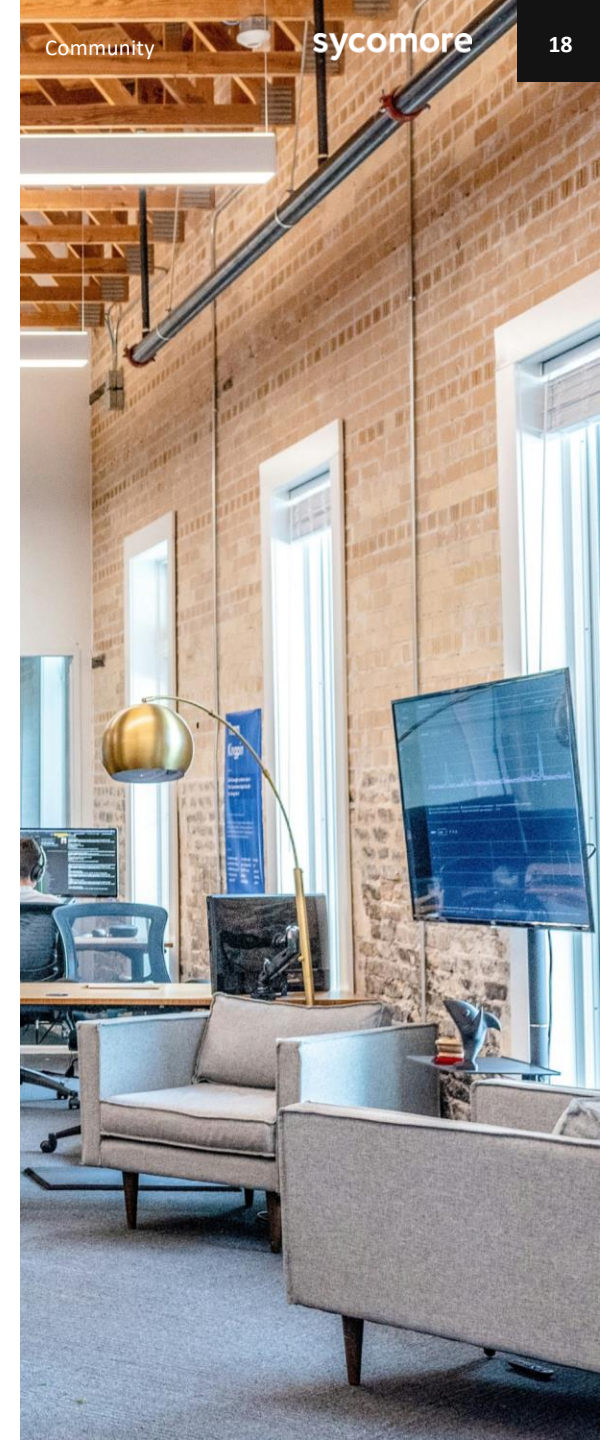
**Dialogue between employees  
(trade unions and employee representatives)  
and executive management**



**The integration of human capital  
related indicators into executive  
remuneration plans**



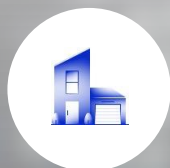
**Equity and shared value**





# Communities

- ❑ **What do we do?** Evaluate the social impact of the company as an employer.
- ❑ **Why?** To address issues of shared growth and decent work.
- ❑ **How?** Via our unique 'The Good Jobs Rating' methodology.



## WHY SHOULD INVESTORS TAKE AN INTEREST IN THE CREATION OF DURABLE, QUALITY JOBS FOR ALL?

Considering the fundamental importance of 'decent work for all' and 'economic growth' for achieving most of the 16 other SDGs, SDG#8 "*promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*" is recognised as a key development objective.

Decent work is a way to fight poverty and the unequal access to healthcare and education, and to improve access to housing<sup>10</sup>.

The particular attention paid to SDG#8 is apparent in the stronger support given by company executives; it can also be found in the new SDG guiding principles for multinational corporations.

<sup>10</sup> World Employment and Social Outlook: Trends 2024. International Labour Office, Geneva, 2024. © ILO

# Communities

WHY SHOULD INVESTORS TAKE AN INTEREST IN THE CREATION OF DURABLE, QUALITY JOBS FOR ALL?

OUR RESPONSE WITH THE 3A:

AVOID

ASSESS

ACTIVELY ENGAGE

## AVOID

We assess the **ethics of the companies in which we invest**: we ensure that investee companies are not involved in severe controversies over issues of corruption, human rights, taxation or non-compliance with regulation.





## Communities

WHY SHOULD INVESTORS TAKE AN INTEREST IN THE CREATION OF DURABLE, QUALITY JOBS FOR ALL?

OUR RESPONSE WITH THE 3A:

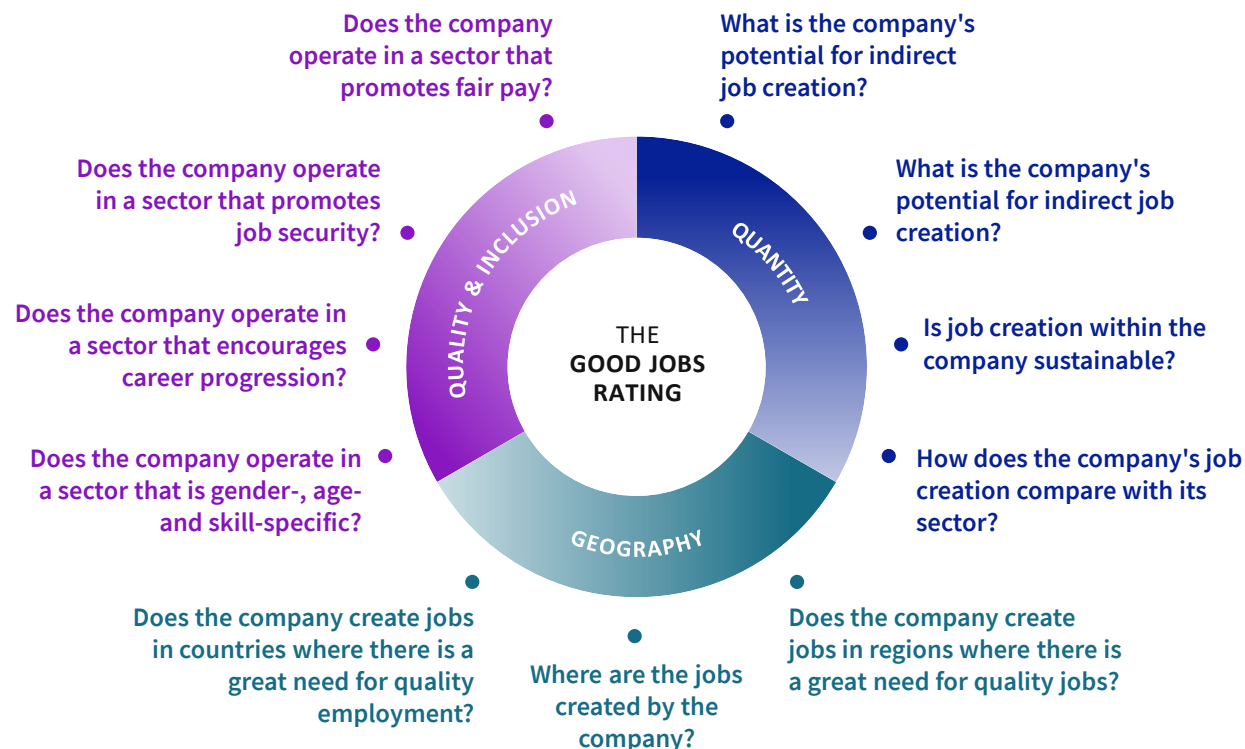
AVOID

**ASSESS**

ACTIVELY ENGAGE

### ASSESS: A unique metric, The Good Jobs Rating

We developed The Good Jobs Rating in partnership with The Good Economy, a leading social impact advisory firm specialised in measuring and managing impacts. This indicator **measures a company's contribution as an employer over the past 3 years, looking at Job Quantity, but also at Job Quality and Job Geography**: we measure job creation on a quantitative basis, as well as the company's ability to create durable and quality opportunities for all, and particularly in areas where jobs are rather scarce.



## Communities

WHY SHOULD INVESTORS TAKE AN INTEREST IN THE CREATION OF DURABLE, QUALITY JOBS FOR ALL?

OUR RESPONSE WITH THE 3A:

AVOID

**ASSESS**

ACTIVELY ENGAGE

**ASSESS:** a unique metric, **The Good Jobs Rating**

**The 3 dimensions (Job Quantity, Job Quality and Job Geography) are scored from 0 to 100.** Higher scores are given to companies, which:

- **contribute relatively more** to sustainable direct and indirect job growth
- operate within sectors characterised by **greater earnings fairness, job security and accessibility to marginalised groups**
- generate job opportunities in places where the societal need for more and better employment is relatively strong

**This holistic metric therefore enables us to channel investments towards companies that as employers, have a positive impact for society.**



## Communities

WHY SHOULD INVESTORS TAKE AN INTEREST IN THE CREATION OF DURABLE, QUALITY JOBS FOR ALL?

OUR RESPONSE  
WITH THE 3A:

AVOID

ASSESS

**ACTIVELY ENGAGE**

### ACTIVELY ENGAGE

We principally engage our investee companies on the following issues:



**Donations and responsible lobbying activities**



**Human rights, covering the company's full value chain**



**End-client and end-user knowledge**



**The reshoring of manufacturing capacities closer to customers**





**sycomore  
am**

[www.sycomore-am.com](http://www.sycomore-am.com)

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