2024

sycomore

Europe Happy@Work

Sustainability Performance and Shareholder Engagement Report

This report describes the fund's investment process, its sustainability performance and its shareholder engagement in 2023, as required by the SRI label created and supported by the French Ministry of Economics and Finance.

SFDR[1] 9

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 9" fund is a fund that has a sustainable investment objective.

Contents

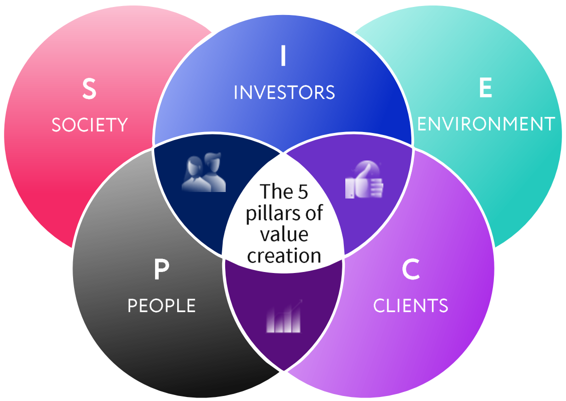
01 The fund's investment philosophy

With no limitations in terms of sector or style, the objective of **Sycomore Europe Happy@Work** is to invest in **companies that emphasise the value of their human capital as a key driver of long-term performance** and an essential pillar of sustainability.

The fund seeks to have a positive impact on social issues such as those covered by the United Nations' Sustainable Development Goals. It has several objectives:

- It aims to **outperform the EuroStoxx Total Return benchmark index** (with dividends reinvested) over an investment horizon of five years.
- It pledges to **remain exclusively invested in sustainable companies,** as defined by the SFDR, at all times (i.e. 100% of sustainable shares in the invested portion of the fund).
- It aims to **outperform its benchmark** at all times in terms of **gender equality on the executive committee** and **hours of training per employee per year**.

Eligible companies are subjected to a rigorous selection process based on a **fundamental analysis using Environmental, Social and Governance (ESG) criteria** and our **SPICE** model[2]. 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.



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

1. **Intentionality**: The stock selection and portfolio construction processes draw on social criteria developed to assess how a company manages its human capital. Both the selection criteria and the indicators to be outperformed directly reflect the intention of the fund.
2. **Additionality**: Our responsible investment approach focuses on promoting best practices in human capital management. We do that through shareholder engagement, thereby urging companies to improve their performance.
3. **Measurement**: We measure the social impacts of our investments to assess their alignment with the fund intention and to position them against the benchmark index. We present the contribution of portfolio companies to the UN's Sustainable Development Goals with a focus on social factors, along with specific human capital sustainability indicators which we have developed internally, such as changes in staff numbers over three years and the distribution of value created by companies.

[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 it meets the minimum score for **at least one of the four metrics**.

2 Avoiding investments that may cause significant adverse impacts

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

3 Ensuring the implementation of good governance practices

An investment must 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 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 it has been excluded according to our PAI policy
- If its **SPICE** rating is less than or equal to **3/5**.

Inclusion of positive social contributions

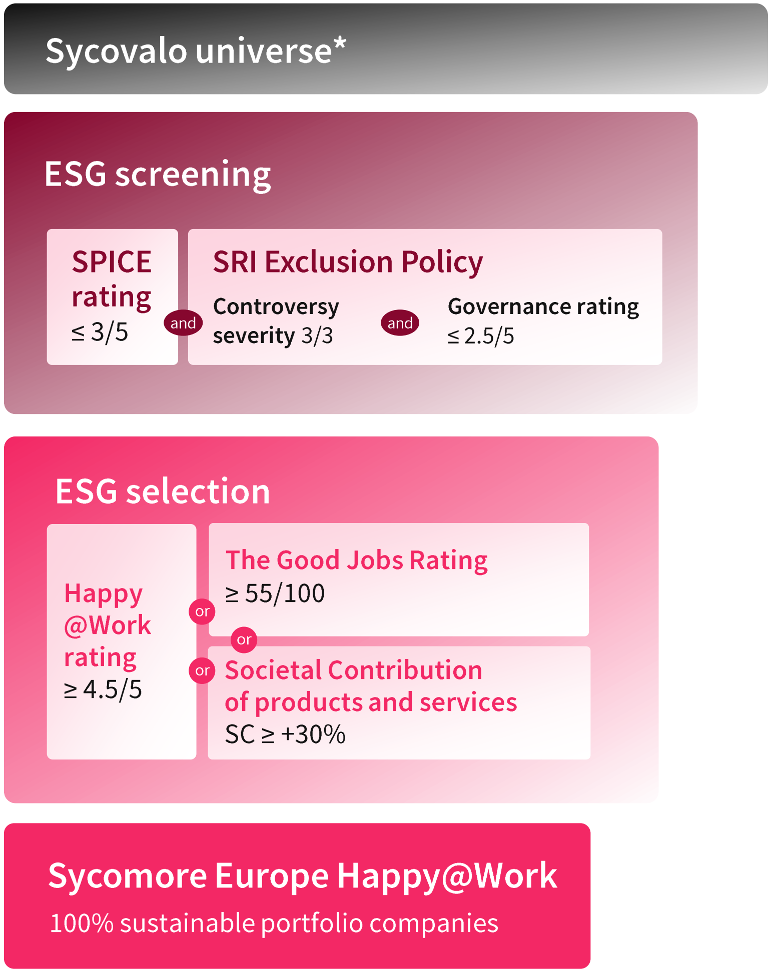
Companies are screened for their alignment with the fund's objective to seek impacts based on the **three selection criteria** listed below:

- The **Happy@Work** environment, as measured by a rating of ≥ 4.5/5. Our analysis is geared to identify companies that stand out for their strong corporate culture and **their employees' commitment** to their collective success. Our approach to stakeholder P, **People**, is structured around five pillars to form the acronym SACRE, which stands for **Sense**, **Autonomy**, **Competencies**, **Relationships** and **Equality**.

How does a company manage its human capital, from the top down? Is human capital one of its strategic priorities? Does the company create an environment that fosters self-motivation and employee fulfilment on a daily basis, in addition to well-being?

- The company's societal contribution as an **employer**, as measured by a **Good Jobs Rating of ≥ 55/100**
- **Business models** with a significantly positive **Societal Contribution of products and services** (SC), as measured by an SC of ≥ +30%.

Of the three indicators above, the fund focuses primarily on the Happy@Work rating.



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

02 The fund’s sustainability performance

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

OBJECTIVES		INDICATORS TRACKED	
Provide an overall view of the fund’s ESG positioning		Share of sustainable investments	99%
		Weighted SPICE rating	3.9/5
		Exposure to SDGs	10 (30%) ; 4 (29%) ; 8 (20%)
Assess achievement of positive contribution targets and measure ESG performance	human capital	Women on executive committees	26%
	human capital	Employee training	29h/year
	human capital	Shared value	51%
	human capital	Employee stock ownership	64%
	human capital	Growth in staff	+17%
	S	Human rights policy	100%
	S	Societal Contribution	+31%
	E	Net Environmental Contribution	+10%
	E	Carbon footprint	78 tCO_2e/€M
	E	Exposure to fossil fuels	0.6%

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.

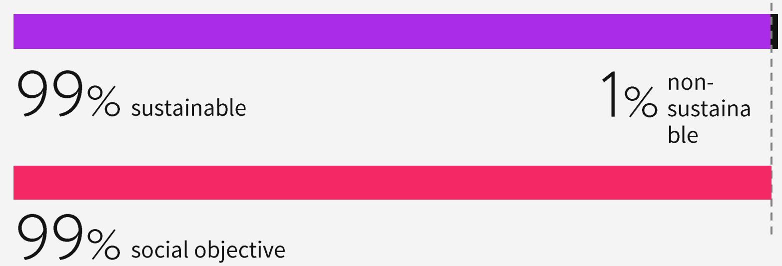
2.1 **Sustainable** investments

At the end of 2023, the share of the Sycomore Europe Happy@Work fund’s net assets in **sustainable investments**[5] was **99%**. **The invested portion of the fund was made up of 100% sustainable investments**, in line with the minimum of 100% set out in the prospectus as of 1 January 2023.

The fund’s non-sustainable investments included cash, foreign currency hedges and an investment in Sycomore Global Happy@Work (Article 9 fund).

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

BREAKDOWN OF SUSTAINABLE INVESTMENTS IN THE FUND AT 29 DECEMBER 2023[6]



Fund exposure of 99% at 29 December 2023

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

2.2 SPICE **performance**

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

Because we seek sustainable performance for our clients, our fund manager-analysts examine not only a company's finances but also how the company interacts with all its stakeholders, to evaluate the robustness of its business model and governance, as well as its environmental and social impacts. Our **proprietary fundamental analysis model**, called SPICE[7], 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 Europe Happy@Work fund **(3.9/5) was unchanged** from 2022 and **higher than the rating for the EuroStoxx TR** index (3.6/5). The top-rated companies in the portfolio were **ASML** (semiconductors), **Legrand** (electrical devices and fixtures), **Hermès** (luxury goods) and **GTT** (French engineering company specialised in the design of LNG transport and storage systems).

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

SPICE

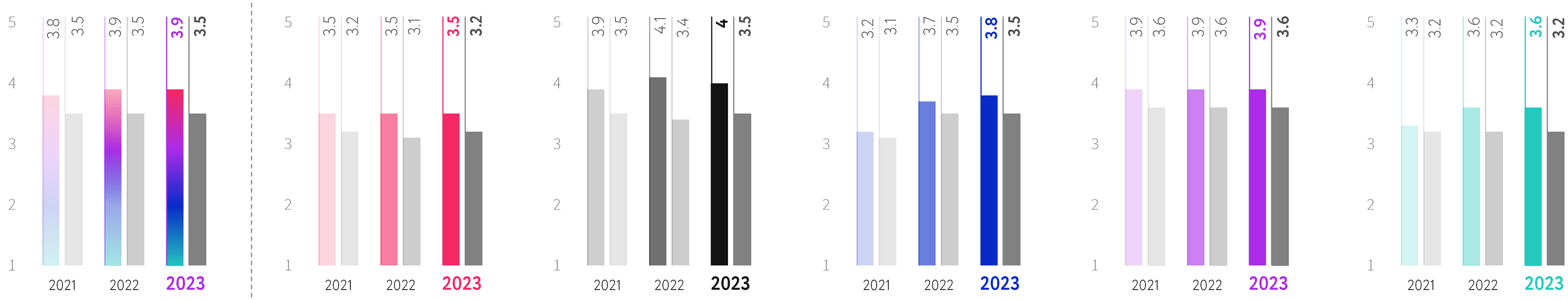
Society
Societal Contribution of products and services, job creation, corporate citizenship, human rights, control of subcontracting chains

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 Europe Happy@Work   EuroStoxx Total Return

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

[7] 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.

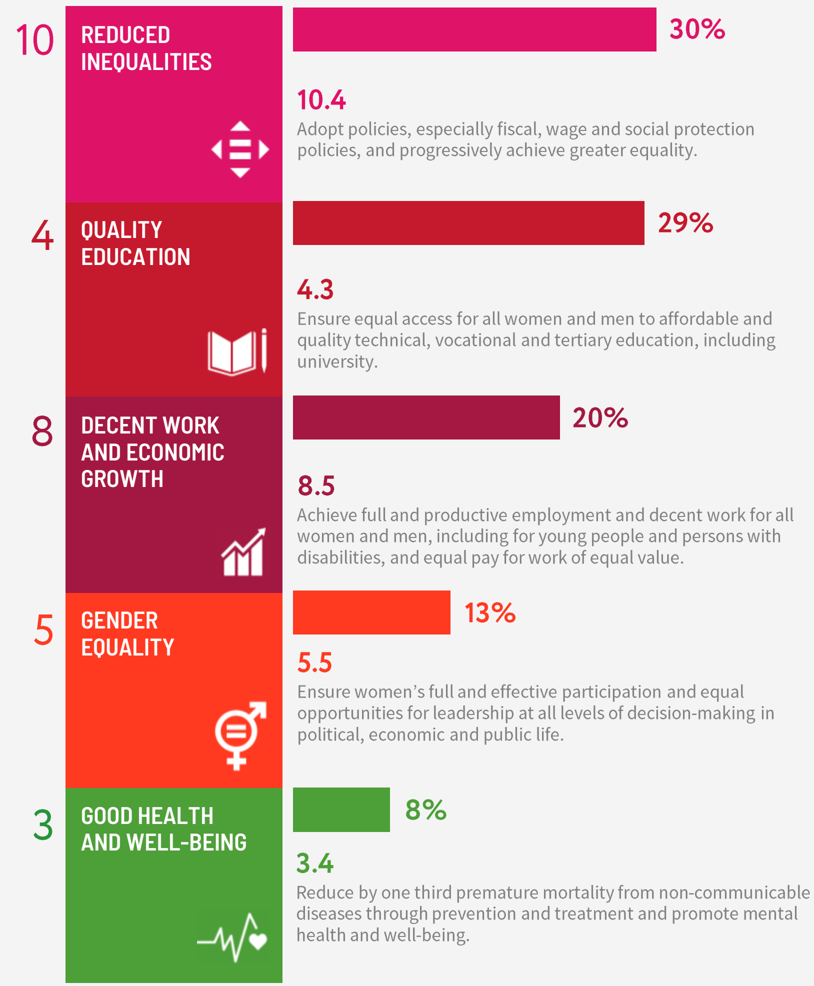
2.3 Contribution to **Sustainable** Development **Goals**

In addition to generating long-term financial performance, the core objective of Sycomore Europe Happy@Work is to **promote the value of human capital through the companies in which it invests**.

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

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

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



2.4 Sustainability indicators

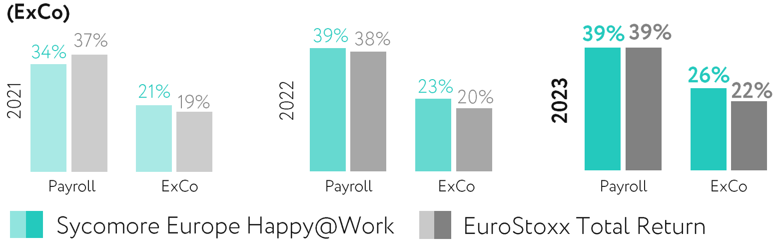
Human capital

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[8]. 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, women held **26%** of executive committee seats at companies in the fund, which **continues to outperform the index for this indicator** (22%) and has therefore achieved its outperformance target. Women made up **39%** of total headcount, **in line with the benchmark**. Women hold more than 40% of the management board seats at seven companies, including **Schneider Electric, Puma and Astra Zeneca**. Other companies show significant gaps between the representation of women in total staff versus on boards. This is true in finance, at **KBC** (women make up 14% of the executive committee vs. 56% of headcount), and in insurance, at **Munich Re** (women make up 11% of the executive committee vs. 53% of headcount). We have been engaging with companies featured in our investment universe for several years now to promote best practices in gender equality and support for female talent at all company levels. We do all this as a **co-founding member of the 30% Club. We also participated in the launch of the 30% Club Germany at the end of 2023 and are planning engagement initiatives with Munich Re.**

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



2023 coverage ratio (weight in the fund): 98% for the executive committee and 100% for the payroll
2023 coverage ratio (weight in the index): 96% for the executive committee and 91% for the payroll
[8] McKinsey Global Institute, "The Power of Parity: how advancing women's equality can add $12 trillion to global growth", 2015.

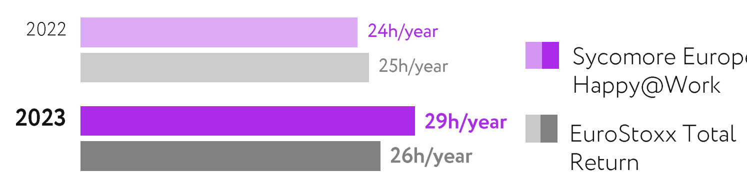
Employee training

As work environments change and new ways of working appear, we focus on the value of human capital. **We assess training and career development policies and the number of hours of formal training provided per employee per year**. This indicator measures **employee upskilling**, which is central to the fund's objective.

In 2023, the fund reported an average of **29 hours of formal training delivered to each employee**, compared to 26 hours for the benchmark. The fund therefore met its outperformance target.

- **The highest number of training hours** is offered in **the most innovative sectors**, where employee skills are developed and updated, such as the semiconductors industry, with **ASML** (50 hours) and **STMicroelectronics** (42 hours), and healthcare, with **Novartis** (42 hours) and **Siemens Healthineers** (31 hours). Sectors undergoing transformation also provide high amounts of training, such as **energy producers and distributors**, with **Iberdrola** (68 hours) and **EDP Renovaveis** (32 hours).
- In addition, **some companies in the portfolio report little to no data on this indicator**. Engagement initiatives are conducted on a case-by-case basis. Companies are encouraged to **improve their transparency** and the quality of their data in this area, as well as increase the resources allocated to training, following the example of **Arverne** in 2023.
- The increase in the average number of training hours for the fund in 2023 is mainly due to the **decrease in the share of small companies in the portfolio**. Smaller firms are close to their employees and committed to their development, but they tend to **provide informal training**, which is often **not reported** in this metric.

AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE



2023 coverage ratio (weight in the fund): 88%
2023 coverage ratio (weight in the index): 81%

2.4 Sustainability indicators

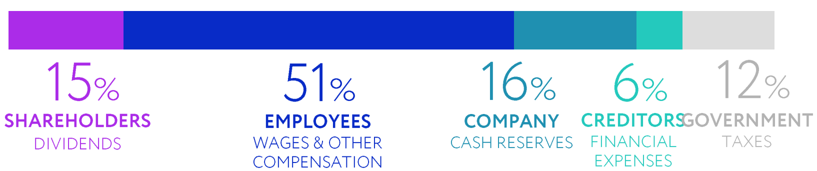
Shared value

For the Sycomore Europe Happy@Work fund, in keeping with its investment philosophy, we publish specific information on how value was shared in 2023. To measure this breakdown, **we looked at the percentage of value distributed to each stakeholder.** We pay careful attention to the **share received by employees**, as this is a key factor in a company's sustainability performance.

In 2023, 54% of the value created by portfolio companies was redistributed to employees **compared to 48%** for companies included in the EuroStoxx TR index.

BREAKDOWN OF VALUE BETWEEN STAKEHOLDERS

Sycomore Europe Happy@Work



EuroStoxx Total Return

2023 coverage ratio (weight in the fund): 92% / 2023 coverage ratio (weight in the index): 98%

Employee stock ownership

We also consider employee stock ownership an **effective way for companies to foster long-term employee engagement and enable them to share in the company's success**. We monitor this indicator as part of the investment process for Sycomore Europe Happy@Work and use it to **assess equity within the firm being analysed.**

In 2023, 64% of portfolio companies had an employee stock ownership plan in place. Among the companies for which this information was collected, employees owned an average of more than 3% of the share capital. At **SPIE** (multi-technical services), employees hold **7.4%** of the capital. Coming in second is the insurance company **AXA**, whose employees own **4.4%** of its share capital.

SPIE

AXA

64%
COMPANIES PARTLY OWNED BY EMPLOYEES

3%
AVERAGE EMPLOYEE STOCK OWNERSHIP RATIO

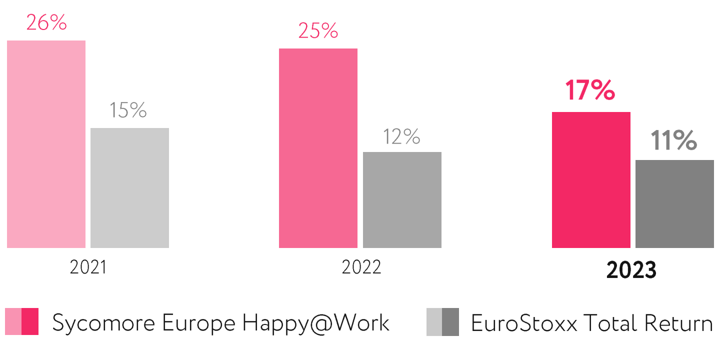
2.4 Sustainability indicators

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 (17% over three years for the fund versus 11% for the benchmark) reflects the **momentum** enjoyed by some of the companies in which we invest. This indicator decreased from 2022 (25%), which is primarily attributable to the divestment of some firms with sustained job creation on the technology market, such as **Adyen** (payment services) and **Nagarro** (digital engineering). However, it was partially offset by new tech investments, with **Microsoft and Nvidia**. In 2023, due to massive redundancies in the tech sector, we continued to engage with portfolio companies as we did in 2022, to encourage them to take a responsible management approach to the restructuring process. The fund is also invested in large groups, where growth in staff over the past three years has been very weak or even negative: **Schneider Electric, AXA** and **Legrand**.

CHANGES IN STAFF NUMBERS OVER THREE YEARS



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

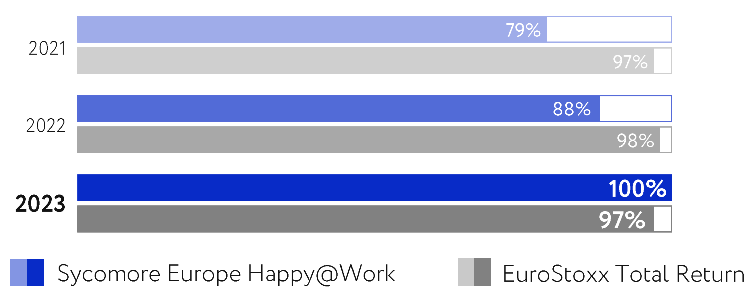
Social

Human rights policy

Human rights encompass **the rights of employees** and, more broadly, those of local communities and members of civil society **affected by a company's operations or activities**. Sycomore AM has implemented a dedicated human rights policy since 2020. In line with the United Nations Guiding Principles (UNGPs), we assess a company's respect for human rights by considering, in addition to the existence of a human rights policy, its **human rights due diligence processes**, the **salient risks**, and its **remedy framework**. Since there is no holistic indicator covering all these aspects, we have selected an indicator provided by **Bloomberg**, which identifies companies that communicate on the implementation of a human rights policy.

In 2023, the percentage of portfolio companies with a formal human rights policy **improved** (100% in 2023 vs. 88% in 2022) and is now higher than **the benchmark** (97% in 2023 and 98% in 2022). This is mainly due to the inclusion of fewer small and mid-caps in the fund, which do not always establish a human rights policy in itself. Engagement initiatives are conducted on a case-by-case basis, as with **Hermès.** In 2023, we continued our work with the **French Sustainable Investment Forum (FIR)** to build a set of criteria for use in quickly analysing a company's exposure to forced labour and child labour, **including an engagement phase with companies. A report on 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%

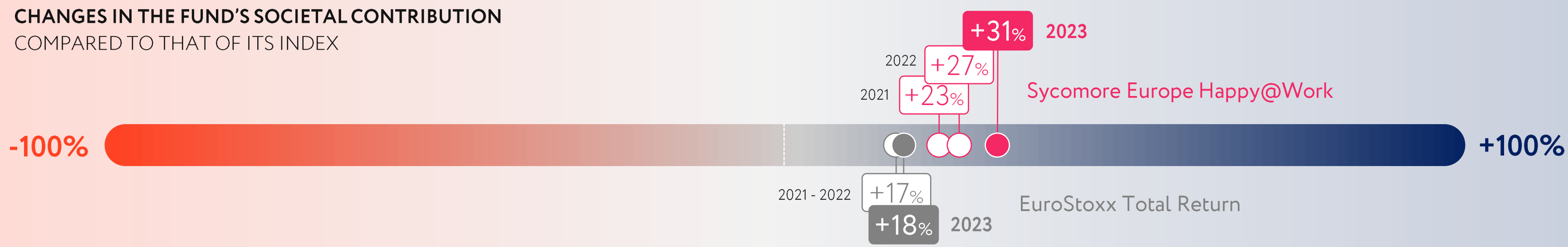
2.4 Sustainability indicators

Societal Contribution of Products and Services

We measure our investments' alignment with major societal issues using the Societal Contribution (SC). The SC is a **quantitative metric**, assessed on a scale of -100% to **+100%,** that aggregates the positive and negative contributions of 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[9].

At the end of 2023, the Societal Contribution of products and services for portfolio companies stood at **+31% compared with +18% for the fund's benchmark index**. It was therefore **higher than in 2022** (+27%). This change mainly reflects the fund's higher exposure to companies in the healthcare/pharmaceutical sector, such as **Novo Nordisk (SC +92%) and Biomérieux (SC +76%), and the addition of Siemens Healthineers (SC +87%)** to the portfolio. The fund's SC also increased after the divestment of companies whose SC is relatively neutral due to their diversified product ranges, such as **Maison du Monde (SC +0%)**, in furnishings and home decoration, and **Manutan (SC +6%),** in office equipment and industrial supplies, to invest in stocks with a more positive SC.

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



2023 coverage ratio (weight in the fund): 100% / 2023 coverage ratio (weight in the index): 95%

Negative societal contribution

Portfolio companies such as **Christian Dior (SC -23%)** and **Hermès (SC -15%)** have a negative Societal Contribution as their products and services in the luxury goods sector make a negative contribution with regard to the Access & Inclusion pillar.

Neutral societal contribution

Puma has a neutral societal contribution **(SC +6%)** due to its diversified range of clothing, shoes and accessories. Some of its sportswear products are considered to contribute positively to the Health & Safety pillar. **GTT (SC +3%)** has a slightly positive edge with regard to access to energy.

Highly positive societal contribution

The main companies in the fund with a positive SC are in the healthcare/pharmaceutical sector, as their activities contribute positively to the Health & Safety pillar, such as **Novo Nordisk (SC +92%).** Also, **Deutsche Telekom (SC +50%)** contributes to access to inclusion and economic progress through access to telecommunications.

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

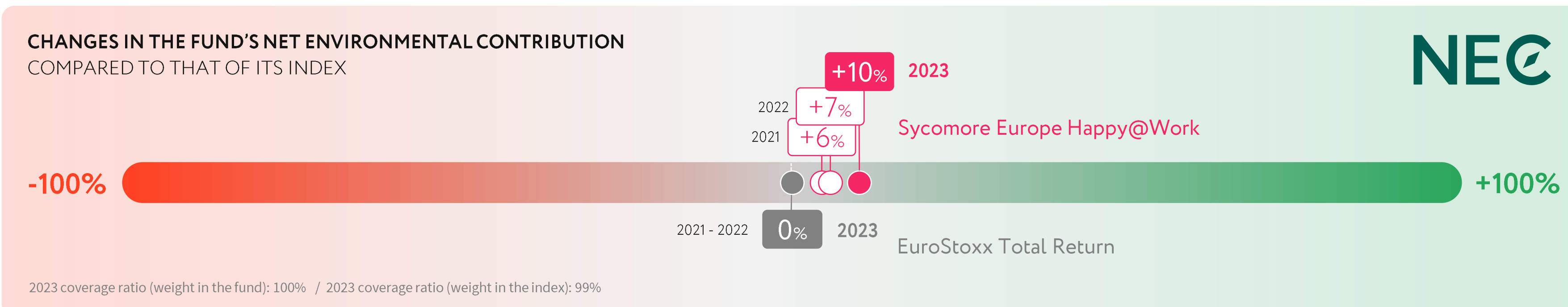
2.4 Sustainability indicators

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[10]. **It should be noted** that a company's Net Environmental Contribution is not a selection criterion for the fund to invest.

At the end of 2023, the NEC of the Sycomore Europe Happy@Work fund was **+10%[11] compared to 0% for the Eurostoxx TR index**. The NEC **increased** from 2022 (+7% at the end of 2022). Our divestment in 2022 of stocks with a very positive NEC, including renewable energy providers **Acciona Energia (NEC +94%)** and **Voltalia (NEC +90%), was offset by the fund's new exposure to companies such as energy producer Iberdrola (NEC +58%).** The fund's higher NEC is also attributable to its larger exposure compared with 2022 to firms with a positive NEC, such as renewable energy operator **EDP Renovaveis (NEC +95%) and Schneider Electric (NEC +13%),** as well as the divestment of companies such as **Amadeus IT Group (NEC -40%)**, impacted by the negative scores of activities available on its reservation system (especially air travel).



Negative environmental contribution

The environmental contribution of **Puma (NEC -26%)** was impacted by the high consumption of resources in the apparel/textile industry, in particular its fast fashion segment. **Danone's** environmental contribution was negative **(NEC -7%)** due to the impact of the production of agricultural raw materials on the environment, especially the production of dairy products.

Neutral environmental contribution

Companies operating in sectors that are less exposed to the ecological transition, such as the tech industry with **ServiceNow (NEC 0%)** and healthcare with **Astra Zeneca (NEC 0%)**, made a neutral environmental contribution.

Very high environmental contribution

Companies such as renewable energy operator **EDP Renovaveis (NEC +95%)** and **Prysmian (NEC +28%)**, which contributes to electrification through its cable manufacturing and cable systems, show a very positive environmental contribution.

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

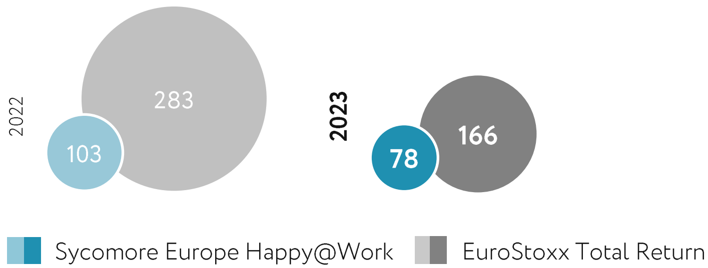
2.4 Sustainability indicators

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 Europe Happy@Work was **78 tonnes of CO_2 equivalent per million euros of enterprise value including cash (EVIC), compared to 166 tCO_2e/€M** of enterprise value for its benchmark index. The biggest contributors to this footprint were carbon-intensive manufacturing companies, including **Saint-Gobain** (building renovation and insulation solutions) and **Prysmian** (cables needed to develop electrification), despite the positive contribution of their products and services to the ecological transition. In contrast, companies such as **Biomérieux** and **AXA** have a low carbon intensity.

EMISSIONS IN TONNES OF CO_2 EQUIVALENT

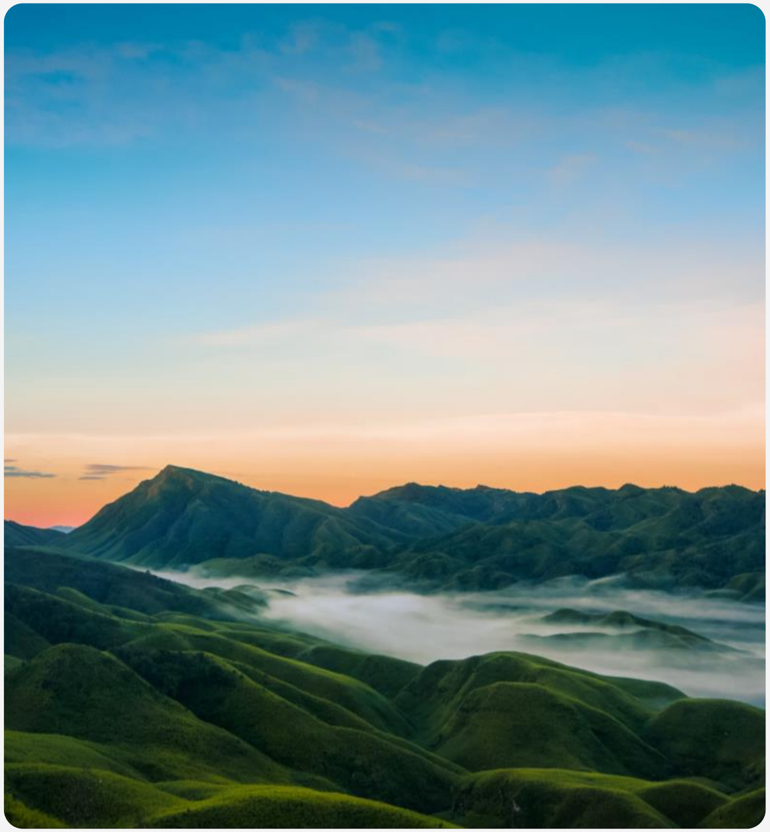


Source: Trucost/S&P Global covering GHG Protocol Scopes 1, 2 and upstream 3.
2023 coverage ratio (weight in the fund): 98% / 2023 coverage ratio (weight in the index): 100%

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 Europe Happy@Work fund's assets in companies active in the fossil fuel industry, within the meaning of the SFDR, was **0.6%** at the end of 2023 (vs. 0.4% at the end of 2022), **representing €2.5 million**. This exposure comes from investments in **ERG** and **Iberdrola**, due to their remaining fossil fuel activities. However, the companies are implementing transition plans aligned with a 1.5°C scenario.



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**.

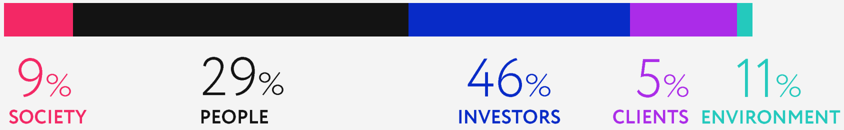
> "We invest to develop an economy that is more sustainable and more inclusive and to generate positive impacts for each of our stakeholders. **Our mission is to give a human dimension to investment.**"

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 **25 portfolio companies** (19 in 2022), having identified **92 areas for improvement** during the year (43 in 2022). Nearly **67% of these initiatives** involved **individual dialogue**, while the **remaining 33%** were part of **collaborative initiatives**. Of the areas discussed with companies, 59% pertained to transparency, one-third to strategy, and the remainder concerned non-financial performance.



Out of the shareholder engagement initiatives taken in 2023, 27, or **29%,** 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 France**, which promotes at least 30% female representation on executive committees at SBF 120 companies. On this issue, we co-led a collaborative engagement initiative with **STMicroelectronics and continued our discussions with Hermès**. For more information on the 30% Club France, see the 2023 annual report. In 2023, Sycomore AM also participated in the launch of the 30% Club Germany.

Another 46% of initiatives 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.

In 2023, **10 initiatives** covered **environmental issues**, and more specifically companies' climate strategies and the overall management of their environmental impacts. For example, we asked **Puma** to be more transparent about its approach to product circularity, its biodiversity strategy, and its industrial waste treatment.

The list of companies in the Sycomore Europe Happy@Work with which we engaged in dialogue in 2023 is available in the appendix.

3.1 Our engagement initiatives

Controversies and engagement

Areas for improvement were highlighted during dialogue initiated with certain companies to discuss controversies: for example, **Saint-Gobain**, to follow up on our requests for more transparency about its actions and how the group has been affected by the Grenfell Tower fire in 2017, and **L'Oréal**, as a result of the allegations that its hair relaxers sold in the United States contained dangerous chemicals.

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

62 **engagement initiatives** assessed in 2023

52% **improvements observed** following the 26 initiatives

44% of engagement initiatives **still in progress**

We also monitored the advancement of **27 portfolio companies on 62 areas for improvement submitted in 2021.** On 52% of these points, we noted partial **progress or achievement** of the target.

Munich Re now reports the percentage of women in management positions and the targets that the company has set for this indicator in its annual report. **Arverne** shared with us the breakdown of its workforce by type of employment contract. In 2022, **ASML** replaced the Dow Jones Sustainability Index (DJSI) as its ESG performance benchmark for executive compensation with three indicators that are more transparent and consistent with the group's strategy. In 2023, the company reported that each indicator represented 20% of the total non-financial performance for compensation.

OUR HUMAN RIGHTS 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 FOR RESPONSIBLE RESTRUCTURING IN TECH

According to layoffs.fyi, **1,191 tech companies made 263,180 employees redundant in 2023**, the second record-breaking year since Covid-19. In 2022, 164,744 employees were let go from 1,060 tech companies. Following these mass redundancies across the industry, we contacted the tech companies in our portfolio. Our aim was to **better understand the companies' method and the situation surrounding the redundancies. We also urged them to take a more responsible approach to any reorganisations**. Non-responsible restructuring is considered **controversial**. For example, we do not support plans that are put in place simply in reaction to an economic downturn.

We check that these restructuring plans include **social dialogue and offer compensation, health cover, training or internal mobility**. The company should also continue to provide an engaging work environment for the employees who remain. We discussed these points with companies such as **Gitlab, Accenture, Salesforce, Microsoft, SAP (see focus opposite), Amdocs, Splunk, Recruit, Hubspot and Alphabet**. As a result of this engagement, we downgraded Alphabet's People rating. According to our definition of a sustainable investment, the firm no longer met the requirements to be included in an Article 9 fund after the way it handled its restructuring.

FOCUS ON SAP (SOFTWARE)

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.

3.1 Our engagement initiatives

OUR COLLABORATIVE ENGAGEMENT WITH THE 30% Club GROWTH THROUGH DIVERSITY

In 2020, we were involved in creating the French branch of the **30% Club Investor Group**. Set up two years ago, this business campaign continues to encourage **female representation in executive leadership** at companies in the SBF 120 index to at least 30% by 2025, and more broadly to **promote gender equality** at all levels of organisations, as well as transparency on this issue. Our intention is not to set mandatory quotas but rather to urge companies to take a voluntary approach that can bring about **meaningful and sustainable change**.

In 2023, investors in the coalition initiated or continued dialogue with **25 SBF 120 companies**. Most of the companies we have met believe that gender equality is important at their organisations, and we can see that a **positive shift is at work, in the form of action plans and specific targets**. We shared with companies **a list of indicators developed by the Club**. Based on the feedback we received, we noted that all of the indicators on the list are potentially reportable and that companies sometimes report quantitative diversity data and their targets (scope, time horizons, etc.) inconsistently. The gender pay gap is one example of an indicator that we focused on. Sycomore is involved in engagement initiatives with three of these 25 companies and monitors the engagement activities of the others on a case-by-case basis. We also had the opportunity to **talk with experts** to help fine-tune our engagement, for example with **Hedwige Nuyens**, Chair of European Women on Boards.

In 2023, the Club published its third annual report. We would like to thank **Marie-Sybille Connan** (Allianz Global Investors) and **Theany Bazet** (Candriam) for acting as co-chairs in 2023 and wish Theany all the best in her endeavours as chair in 2024 and for the opening of a new pillar that will bring together chairs and chief executive officers.

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

FOCUS ON STMICROELECTRONICS (SEMICONDUCTORS)

STMicroelectronics

On behalf of the **30% Club France**, in 2023 we **co-led with Ostrum** an engagement initiative with **STMicroelectronics (ST)**. We had several opportunities to talk with the Investor Relations team and the Group Vice-President Head of Sustainability. This initiative was particularly significant in light of **the widespread and long-standing endeavours to bring more women into STEM** (science, technology, engineering and mathematics) jobs.

Generally speaking, ST is aware of the importance of these issues and considers diversity to be a key factor in the Group's success. A **holistic approach** is taken to diversity. ST has appointed **DE&I ambassadors**, mainly in middle management, and sustainability champions, who embed the company's sustainability strategy across its sites and geographies. These issues are also discussed at the highest levels of the organisation (Sustainability Committee, Executive Committee, etc.) and **monitored via indicators on a quarterly basis**. The company also works with **schools and universities** to recruit talented women at the start of their careers. On this point, the Group **targets hiring at least 30% women in "exempt" positions (according to their definition) per year and encourages its recruiters to present at least one woman in the candidates selected for a job offer.**

We submitted several areas for improvement to the company, such as **reporting the percentage of women by job category and by region** to better understand the potential range of issues in each geography; **aligning diversity targets in executive compensation plans** with targets communicated to the market; **setting separate short- and long-term targets**; and publishing the unadjusted gender pay gap for the group. We will continue to engage with ST and monitor its progress in 2024.

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 98% of the shareholder meetings for portfolio companies** (100% in 2022). We did not vote at one shareholder meeting held outside France due to the blackout period prior to the meeting.

44 shareholder meetings **voted** (100% in France and 96% outside France)

847 **resolutions**

70% of shareholder meetings with **at least one vote against**

19% **votes against**

The main topics of disagreement were in relation to:

- **capital transactions** (37% of votes against)
- **shareholder resolutions** (31% of votes against)
- **other topics** (29%).

Share of votes against	Topics
37%	Capital transactions
31%	Shareholder resolutions
29%	Other topics
29%	Executive compensation
9%	Board appointments and compensation
6%	Amendments to articles of association
0%	Employee stock ownership
0%	Formalities, 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.

Regarding capital transactions, we defended minority interests when voting on authorisations submitted for shareholder approval. Most of the resolutions that we opposed under Other topics involved the appointment of auditors. We did not support these appointments when their terms of office were more than 10 years old, in accordance with our voting policy.

Nineteen resolutions related to **sustainability** issues. Of these, 13 were shareholder resolutions and are detailed below. Sycomore AM voted in favour of the social responsibility reports of **Amadeus**, **CAF** and **EDP**. We supported other resolutions pertained to aid and donations provided by companies, such as **AstraZeneca**. We opposed **Schneider Electric's first Say on Climate initiative**, 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.

Some 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. Resolutions we supported involved **compensation issues, business ethics (taxes, lobbying), diversity, the use of new technology and human rights.** We believe that companies should be more transparent or more ambitious in their reporting and due diligence. For example, we supported two **Microsoft** resolutions calling for the publication of reports on its management of risks associated with artificial intelligence and weapons development. In general, we voted against shareholder resolutions dealing with environmental and/or social issues that did not seem relevant to the company's current practices or risk exposure.

04 Appendices

PORTFOLIO INVENTORY OF SYCOMORE EUROPE HAPPY@WORK AT 29 DECEMBER 2023

COMPANY	WEIGHT IN PORTFOLIO	SC	NEC[11]	SUSTAINABLE INVESTMENT	ENGAGEMENT BY SPICE[12] PILLAR
ASML	7.73	6%	27%	Social	Investors
AXA	4.98	0%	37%	Social	
SCHNEIDER	4.75	13%	38%	Environment and Social	
L'OREAL	4.17	-5%	15%	Social	Clients, People
EDP RENOVAVEIS	4.11	95%	26%	Environment and Social	
MUNICH RE	4.04	0%	30%	Social	People
SAP	4.01	5%	20%	Social	Environment, Investors, People
PRYSMIAN	3.32	28%	24%	Environment and Social	Investors
NOVO NORDISK	3.27	0%	92%	Social	People
BIOMÉRIEUX	3.15	0%	76%	Social	
MICHELIN	3.01	-2%	25%	Social	
CHRISTIAN DIOR	2.97	-14%	-23%	Social	
RELX	2.89	3%	35%	Social	
IBERDROLA	2.75	58%	35%	Environment and Social	Environment, Investors
INTESA SANPAOLO	2.54	0%	22%	Social	Investors
PUMA	2.53	-26%	6%	Social	Environment, Investors, People
STMICROELECTRONICS (USD)	2.53	11%	28%	Environment and Social	Environment, Investors, People
DEUTSCHE TELEKOM	2.43	0%	50%	Social	People
ERG	2.43	95%	26%	Environment and Social	
LEGRAND	2.26	16%	33%	Environment and Social	
BEIERSDORF	2.22	-5%	11%	Social	
SPIE	2.19	14%	38%	Environment and Social	
SIEMENS	2.12	20%	43%	Environment and Social	
HERMÈS	2.01	-15%	-15%	Social	Investors, People, Society
DANONE	1.98	-7%	52%	Social	

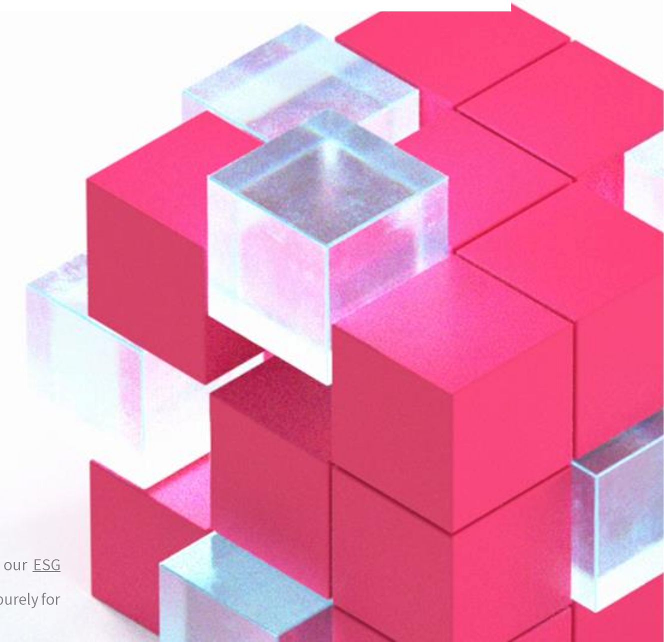
[11] A company's Net Environmental Contribution is not a selection criterion for the fund to invest and is only provided for information purposes.
[12] SPICE stands for Society & Suppliers, People, Investors, Clients and Environment. For details on the information taken into account in our SPICE fundamental analysis model, see our ESG Integration Policy.

04 Appendices

COMPANY	WEIGHT IN PORTFOLIO	SC	NEC[11]	SUSTAINABLE INVESTMENT	ENGAGEMENT BY SPICE[12] PILLAR
MICROSOFT	1.95	5%	24%	Social	Clients
SIEMENS HEALTHINEERS	1.94	0%	87%	Social	
SAINT-GOBAIN	1.88	16%	32%	Environment and Social	
BRUNELLO CUCINELLI	1.87	-10%	-15%	Social	
NVIDIA CORP	1.68	0%	17%	Social	Clients, Society
ARVERNE	1.49	4%	29%	Social	Investors, People
ASTRAZENECA	1.32	0%	87%	Social	
SERVICENOW	1.20	0%	13%	Social	
NOVARTIS	1.11	0%	90%	Social	
GTT	0.99	-8%	3%	Social	
REXEL	0.83	11%	28%	Environment and Social	
KBC	0.82	0%	26%	Social	Investors
ANTIN INFRASTRUCTURE PARTNER	0.71	17%	28%	Environment and Social	
ADVANCED MICRO DEVICES	0.71	2%	24%	Social	

INVENTORY OF COMPANIES HAVING ENTERED AND EXITED THE PORTFOLIO IN 2023

COMPANY	ENGAGEMENT BY SPICE[12] PILLAR
SOPRA-STERIA	Investors, People
SALESFORCE	Investors, People
INTUIT	People
BELIEVE	Clients
SOITEC	People
T-MOBILE US	Clients, Investors, Society
MAISONS DU MONDE	Investors
STELLANTIS	Environment
VOLTALIA	Investors
ARVERNE	Investors, People



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