

A large, faint, stylized tree graphic in a light gray color, serving as a background for the central text. The tree has a thick trunk and several large, rounded branches.

SRI EXCLUSION POLICY
SYCOMORE ASSET MANAGEMENT

Update: 30.09.2018

The present exclusion policy is part of our responsible investment strategy, and thus contributes to Sycomore AM's mission statement: make investment more human. Within our Socially Responsible Investment (SRI) approach, it is used as a complementary tool to ensure no investment is carried out on activities that have a clear negative impact on people or the environment. It applies to all investments within our SRI funds¹.

What are the excluded activities?

Armament and weapons: companies that derive more than 5% of revenues from the manufacture of conventional or nuclear weapons, weapon systems or components, or from providing weapon support and services.

Coal extraction: companies that derive more than 5% of revenues from the extraction of any kind of coal including lignite. This exclusion is targeted to energetic use of coal and not material use.

Coal heat and power generation: companies that derive more than 10% of revenues from the energy generation from coal.

Genetically modified organisms (GMOs): companies that derive more than 5% of revenues from the development or manufacturing of genetically modified crops or seeds or that derive a significant proportion of their revenue from controversial genetic modification for human health such as human clones, stem-cell or gene therapy.

Nuclear industry: companies that derive more than 5% of revenues from producing nuclear power, mining uranium, designing or building nuclear reactor, enriching uranium or providing key nuclear-specific components to the nuclear power industry. This exclusion does not apply to standard, non-customized products and services to the nuclear power industry as well as nuclear plants dismantling and nuclear waste management.

Oil extraction from tar sands: companies that derive more than 5% of revenue from the extraction of oil from tar sands.

Shale gas and shale oil extraction: companies that derive more than 5% of revenues from oil and gas extraction through hydraulic fracking of shale.

Tobacco products: companies that derive more than 5% of revenues from the manufacture of tobacco products or alternative smoking products and companies that derive more than 10% of revenues from the distribution or retail of tobacco products.

United Nations Global Compact violations: companies whose activities clearly infringe the United Nations Global Compact (UNGC). The UNGC ten principles cover human rights, labour, environment and anti-corruption. These principles are derived, amongst others, from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on

¹ As of June 2018, our SRI funds are: Sycomore Sélection Crédit, Sycomore Sélection Responsable, Sycomore Happy@Work, Sycomore Eco Solutions, Sycomore Shared Growth.

Environment and Development, the United Nations Convention Against Corruption and the Organisation for Economic Co-operation and Development's (OECD) Anti-Bribery Convention.

How do we track exclusions?

Integrated processes and tools

Companies identified as excluded according to the above criteria are flagged in SYCOVALO, our dedicated tool where the analysis and evaluation of companies are carried out. This flag aims at informing analysts and fund managers that the company is subject to exclusion under our SRI exclusion policy.

Pre-trade controls are also defined to block any buying order on shares or bonds of companies that are excluded according to our SRI exclusion policy.

Finally, all SRI funds are subject to monthly internal controls that flag any breach of the ESG exclusion and selection policy of each fund, including a control on this SRI exclusion policy.

Research

Exclusion listings are based on internal research as well as on two main providers:

- MSCI research is used to screen the following activities: armament and weapons, genetically modified organisms, nuclear power, tobacco products, United Nations Global Compact violations;
- Trucost's eboard is used to screen the activities related to coal extraction, coal heat and power generation and oil extraction from tar sands;
- Internal research aims at reviewing the information provided by these two external providers; research regarding shale oil and gas extraction is carried out internally and based on complementary sources such as the Carbon Tracker Initiative, Fossil Free Index, NBIM, diverse brokers' research, companies' disclosures and one-to-one meetings.

For which impact?

As of June 2018, our investment universe (i.e. – companies that are followed actively by our analysts) is composed of about 850 companies. It is significantly underweighted on companies that would be excluded according to our SRI exclusion policy as we have limited interest in these activities from an investment perspective. Eventually, our SRI exclusion policy reduces our investment universe by less than 5%.



Emeric Préaubert
Président, associé fondateur



Christine Kolb
Associé fondateur



Cyril Charlot
Associé fondateur