2025

sycomore

Voting Policy

Latest update: March 2025

In compliance with articles 314-100 and 318-21 of the General Rules of the Autorité des Marchés Financiers, this document outlines the conditions in which Sycomore Asset Management intends to exercise the voting rights attached to the stocks owned respectively by the mutual funds and AIFs managed by the firm.

Details on our past votes (for each shareholders' meeting and proposal) for companies in which we are a shareholder are available here as of the day after each shareholders' meeting.

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Introduction

A **stakeholder-centric governance** for **sustainable performance**

Created in 2001, Sycomore Asset Management is an **entrepreneurial Portfolio Management company specialised in listed company investments**.

Core to our mission is the goal to provide our customers with **meaningful investments**. Through our investments and our responsible investing approach, we show that a positive social impact and high performance are mutually supportive.

In our **ESG Integration Policy**, we communicate **transparently** about our global and integrated approach to analysing a company's sustainability performance. We systematically include environmental issues in our fundamental analysis of the companies in which we invest. Our approach to this analysis, detailed in our **Natural Capital Strategy**, covers multiple issues and life cycle assessments. We also consider direct and indirect impacts, both positive and negative, and study issues relating to climate change, biodiversity and natural resources, in particular through insights gained by measuring a company's **Net Environmental Contribution** (NEC).

Exercising all voting rights attached to the securities held in the portfolios we manage is an integral part of our approach. This commitment reflects the importance we place on quality corporate governance as a driver of sustainable performance for our clients, and on active stock ownership, which we intend to use with the companies in which we invest.

In line with our investment philosophy, our voting policy **aims to foster a partnership-based approach to governance**, as we believe that the value created by a company is sustainable only if shared among all of its stakeholders. As such, we encourage new governance models that involve all of the company's different stakeholders, so that their expectations are better addressed.

Our policy is implemented through an open dialogue with investee companies and in accordance with our **Shareholder Engagement Policy**, which addresses all environmental, social and governance issues that are key to the long-term growth of the company or its stakeholders. The aim is to promote these principles in the most pragmatic and relevant way possible, taking into account the specific challenges and constraints of each company.

In order to ensure full transparency towards our stakeholders, details on the votes by Sycomore AM are provided online the day after every Shareholders' Meeting, using **this link**.

As a member of the **Association Française de la Gestion Financière** (AFG) since our foundation, our voting policy naturally takes its inspiration from the recommendations on corporate governance drawn up by the AFG.

Our voting policy is being reviewed every year to take into account changing practices in the field. We exercise our voting rights independently and in the interest of our clients.

Exercising our voting rights

01 Voting **scope**

Sycomore AM exercises all voting rights **attached to the securities owned in the UCITS and AIFs** it manages, and for which it is responsible for proxy voting.

Exceptions :

- Sycomore AM may not vote at shareholders' meetings when **the portfolio management team states its intention to sell the stocks in question prior to the meeting**, resulting in the firm, including all UCITS and AIFs, owning 0% of the given company.
- Sycomore AM does not vote at shareholders meetings that require **share blocking during the period between the registration of voting rights and the effective vote**.

02 Analysis of resolutions and **voting instructions**

Resolutions are **analysed by the portfolio management team**, with support provided by the **proxy advisory firm ISS**.

Sycomore AM exercises its voting rights in line with its **own voting policy**.

The **Middle Office** is responsible for implementing the operational voting process.

03 Accountability

The **portfolio management team** is ultimately **responsible** for all voting decisions.

01 Structure and functioning of the board

1.1 Governance structure

We do not favour one type of board structure – **two-tier** (Management Board and Supervisory Board) or **one-tier** (Board of Directors) – over another.

We consider that a company is controlled if one shareholder, or several acting together, own **more than 30% of the capital or voting rights**.

When a company is governed by a Board of Directors, we are in favour of **separating the roles of Chairperson and Chief Executive Officer** (CEO) to encourage the separation between executive and supervisory power. However specific situations may call for a combination of duties.

When companies chose to combine those roles, we are particularly sensible to the measures in place to counterbalance this concentration of powers:

- A board of directors with a majority of **independent directors**.
- The appointment of a **Lead Independent Director**, empowered by the articles of association with the right to convene the Board of directors with a specific agenda and to amend the agenda of regular board meetings. The Lead Independent Director is in charge of the evaluation process and succession plan for executives, and of communication with shareholders on corporate governance matters.
- Regular "**executive sessions**", chaired by the Lead Independent Director, before or after board meetings, reserved to non-executive board members.
- **Details of the Chair's activities** are communicated to shareholders in an Activity Report published in the annual report.

Finally, the appointment of a deputy CEO, although it is not considered as such as a counter-power to the CEO, helps to **avoid the concentration of all executive duties on the CEO**.

1.2 Board composition – guiding principles

The Board of Directors is a strategic body whose decisions shape the future of a company. It therefore needs to include experienced members, that can demonstrate complementary skills, while ensuring it is sufficiently independent. A good balance between these three criteria is particularly important to us. We therefore apply the following principles in electing Board members:

- Size range be**tween 5 members (min.) and 18 (max.)**;
- Their composition **mirrors the shareholder structure**, in similar proportions;
- **Independence ratio: 33% minimum** in the event of controlling interests, and if not, 50%;
- The percentage of **women** (or men, where applicable) is **40% minimum**;
- Members are **elected** for a maximum of **four years**;
- **Employees** are represented;
- An **independent lead director** is appointed in case the roles of the CEO and the Chair are combined.

In line with the **AFG** recommendations, we define as **"independent" any director** who:

- Is neither an **employee** nor a **corporate officer** of the company or a company belonging to the same group and has not been so **in the past five years**;
- Is not an **employee, a corporate officer or a representative of a significant shareholder** (holding at least 5% of the share capital and/or voting rights) of the company or of a company belonging to the same group;
- Is not an **employee, a corporate officer or a shareholder** of a significant and frequent commercial, banking or financial partner of the company or a company belonging to the same group, and has not been so **in the past five years**;
- Is not an **executive, employee or director** of a company managed by an executive of the firm (cross-directorships);
- Has no **family relationship** with any executive, director, or significant shareholder;
- Has not been a **statutory auditor** of the company during the **past five years**;
- Has not been a **Member of the Board of Directors for over 12 years**.

We pay particular attention to the integrity, availability and engagement of directors; we also assess whether their skills and experience are in line with the needs of the Board. As a result, **we are not in favour of the appointment or reappointment of a director in the following situations**:

- The candidate holds **over five directorships in public listed companies** (one mandate as non-executive Chair of the Board counts for two mandates, and one mandate as Executive Director counts for three mandates);
- The **information** provided on the candidate's background is **insufficient**;
- In the event of a reappointment: **the director's attendance rate** is low with no justification provided.

We are not in favour of the appointment of a former CEO to the position of Chair of the Board if we believe that the independence of this Board is insufficient. In any event, this solution should be a temporary one.

1.3 Board assessment

In line with industry best practice[1], **we expect French companies to regularly assess their board of directors** to ensure that it is operating effectively and is able to fulfil its check-and-balance role. The performance and transparency of this assessment and its effect on board appointments are issues that are covered in our dialogue, analysis and engagement initiatives with the companies leading up to their shareholders' meetings.

Frequency and person in charge

- Annually: informal Board assessment or self-assessment. This evaluation can be carried out by an internal representative or body that has been clearly designated by the Board.
- Every three years: formal Board assessment. Preferably, the evaluation is conducted by an independent third party and facilitated by an in-house representative, such as the selection or nomination committee or an independent director. We support the following best practices recommended by the AMF:
  - Choose an **external consultant** who is independent from the company and its officers, and specify this in the corporate governance report;
  - Clarify the **respective roles** of the independent expert and the in-house facilitator of the assessment.

Goals

- **Review** the operation of the Board and its committees and how their roles and responsibilities are shared;
- **Verify** that important issues are satisfactorily prepared and discussed;
- **Evaluate** each director's individual contribution to the Board's work;
- **Assess** the independent directors' ability to fulfil their role.

This assessment must cover every member of the board of directors, including the board chair, the committee chairs and the various board committees. Where the roles of Chair and CEO have been combined and a Lead Independent Director has been appointed, we recommend that companies perform and publish an evaluation of this governance system. The evaluation should show whether the measures in place to counterbalance the concentration of powers are effective.

Content

We recommend that companies pay particular attention to the following points, among others, in their assessments:

- **Alignment of directors' skills and experience**, as well as their training, with the Board's needs;
- **Scope of the Board's oversight**, especially the incorporation of sustainability issues;
- **Integrity, availability and commitment of each director** (assessing individual performance, for example, through one-on-one interviews).

We consider these points to be particularly important in guiding the nomination committee's proposals for appointments or reappointments to the Board and ensuring a balanced Board composition. They also satisfy the shareholders' legitimate expectations that directors deliver the skills, diversity and independence for which they were appointed.

Transparency and reporting of results

Both externally and internally, we expect companies to be transparent about the assessment process as well as its results. In particular, the conclusions of the assessment, the areas for improvement and the corrective action planned should be clearly communicated to shareholders. Companies should communicate on assessments in a way that enables the Board's progress to be tracked.

Internally, to promote continuous improvement, we also consider it important for each director to be informed of the results of their individual contribution assessment and of how their involvement in the Board's work is perceived by the other Board members. Shareholders are kept informed about board evaluations in the companies' annual reports.

[1] AMF 2024 Report on Corporate Governance, AFEP-MEDEF Code.

1.4 Diversity

As we firmly believe that a Board of Directors requires diverse backgrounds to operate efficiently, we pay close attention to the **balance between different profiles, looking in particular at gender, generation and nationality**.

As far as **gender diversity** is concerned, we encourage companies to align their practices with the most ambitious legislation currently available in Europe, which recommends a minimum 40% threshold for the underrepresented gender. When a Board fails to comply with this limit, we shall consider systematically voting against the appointment of new directors of the over-represented gender or against the renewal of the members and in particular the Chair of the Nomination Committee.

In addition to this 40% threshold applied to all our investments in France and Europe, we check that company information, processes, targets and performance align with regulations concerning diversity on boards and management bodies.

In particular:

- **In accordance with the gradual application of France's Rixain law**[2]: a gender quota of 30% is set for senior executives and members of management bodies from 1 March 2026, which will increase to 40% from 1 March 2029.
- **Women on Boards directive**[3]: corporate boards must meet one of the following targets by 30 June 2026:
  - At least 40% of the non-executive directors are of the underrepresented gender; or
  - At least 33% of executive and non-executive directors are of the underrepresented gender.

In some geographies, in line with local best practices, we also consider the ethnic diversity of the Board. According to these best practices, at least one member of the Board should be from an ethnic minority or underrepresented group. When a Board fails to comply with this limit, we systematically vote against the renewal of the Chair of the Nomination Committee (or other board members on a case-by-case basis).

[2] French law 2021-1774 of 24 December 2021 to accelerate economic and professional gender equality.

[3] Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022. The French government order, published in the Official Journal on 16 October 2024, was issued in application of Article 5 of French law 2024-364 of 22 April 2024.

1.5 Employee representation

In order to **encourage employees' representation on the Board**, we do not take into account employee representatives or employee shareholder representatives when calculating the Board's independence ratio.

Regarding the **election of employee representatives**, we favour nomination processes that allow the largest number of employees to participate in the election. We pay particular attention to the integration of employee representatives to the Board, and their participation in committees. Their training should allow them to be fully involved in their directorship.

Finally, we recommend the **appointment of one or more shareholder employee representatives on the Board**, including by companies with no legal obligation to do so.

1.6 Non-voting directors and honorary chairs

We are **not in favour of appointing censors** (non-voting directors), unless the company justifies this particular situation and confirms that it its temporary, for instance when managing a succession. If this is not the case, and if these individuals take an active part in the running of the Board and provide quality input, then we would like them to become fully fledged directors. If they do not contribute positively, then we do not wish these people to attend the Board meetings on a regular basis.

Furthermore, we do **not favour appointing honorary chairs to the board**, except in special and temporary circumstances justified by the company (such as in implementing a succession plan). The company must be adequately transparent about appointment procedures, rules, and the chair's role and responsibilities. We also expect the company to communicate clearly about the chair's share ownership, voting rights, attendance, duties and authority at board and committee meetings. In our opinion, the appointment of an honorary chair must remain exceptional, as the chair is not elected by shareholders and is not included in calculating the percentage of independent directors or women on boards. Moreover, the AMF highlights in its 2024 report on corporate governance[4] that, although this position is traditionally considered to be purely honorary and does not grant any rights, in particular inherent rights to attend board meetings, practices regarding honorary positions vary considerably, both in terms of duties assigned and the information disclosed to the market about their role.

[4] AMF: Report on corporate governance and executive compensation in listed companies (in French only), 2024.

1.7 Committees reporting to the **Board**

We agree with the AFG in attaching particular importance to the existence of specialised committees reporting to the board of Directors. We recommend the creation of three committees: Audit Committee, Nomination Committee and Compensation Committee.

It is preferable for the committees to have between three (min.) and five (max.) members. We are not in favour of the presence of executive management in these committees and recommend an independence ratio of 50% min. for the Nomination and Compensation Committees.

In light of the role played by the Audit Committee in preventing conflicts of interest when auditing accounts statements, internal control procedures and the choice of statutory auditors, we recommend a minimum independence ratio of 66% and are particularly attentive to the financial and accounting expertise of its members.

While the Board as a whole is responsible for the decisions prepared by the Committees before the shareholders, we believe that committee members – and in particularly their Chairs - have **specific responsibilities**, which must be taken into account when renewing their mandates.

It is the responsibility of the Nomination Committee to **provide sufficient information** on the succession policy and on the procedure in place to assess the independence of Board members, and to **ensure the promotion of diversity** in all its forms within the governance bodies. Women still only represent a very small percentage of executive board members, often due to the insufficient number of women at intermediary management positions. We believe it is the responsibility of the Nomination Committee to ensure that sufficient measures are taken to boost the representation of women at different management levels.

Likewise, as detailed below, we require **adequate information on the compensation policy drawn up by the relevant committee**. Moreover, one of the responsibilities of the Compensation Committee is to take into account shareholder opinions on the compensation policy. When the Compensation Committee fails to take adequate measures despite a significant rate of opposition from minority shareholders during the vote on the policy and/or the compensation report, we shall consider voting against the re-election of its members and in particular its Chair.

Lastly, since risk management falls within the scope of responsibility of the Audit Committee**, the committee must ensure that the environmental strategy implemented by the company matches the risks it faces**.

[4] AMF: Report on corporate governance and executive compensation in listed companies (in French only), 2024.

1.8 **Compensation** of non-executive directors

We support the **payment of attendance fees to directors**. We assess the consistency of amounts based on the standards and practices observed in the relevant country and sector.

We **are in favour of variable compensation based on attendance rates**.

However, we are **not in favour of variable compensation being tied to the performance of the company**, as this could compromise the independence of directors.

Finally, we pay particular attention to the **compensation of the non-executive Chair**. This package must be consistent with his/her position, yet not directly comparable with the compensation paid to an executive director in order to avoid creating too much imbalance relative to other directors.

02 Rémunération des dirigeants

We analyse a company's compensation practices based on four aspects:

- **Transparency and clarity**
- **Alignment with overall performance**
- **Moderation**
- **Executive stock ownership**

2.1 Transparency and clarity

The compensation policy and report need to be **sufficiently exhaustive to allow shareholders to make an informed decision prior to voting**. However, as some larger companies met shareholders' demands for further transparency by vastly increasing the complexity of their compensation systems, we would like to point out that shareholders can only conduct efficient controls on compensation policies if these are sufficiently clear and understandable.

Generally speaking, we request **transparency** on the following:

- **The nature of the quantitative and qualitative criteria used;**
- **Their respective weightings;**
- **The calculation methodology used;**
- **The ex-post target achievement rate.**

2.2 Alignement with overall performance

We believe that the objective of any compensation policy should be to align the interests of executives with those of the different stakeholders over the long term.

In this respect we recommend:

- Demanding **performance criteria that are consistent with the targets disclosed to the market**, where relevant;
- A reasonable proportion of **qualitative targets** that are specific enough for the Board to justify objective measurement of progress;
- **No effects of compensation among criteria** (we therefore recommend not using any criteria based on composite scores combining multiple indicators);
- The **inclusion of sustainability performance criteria**, often referred to as ESG or non-financial criteria, as long as these criteria:
  - account for between 10% and 30% of variable compensation;
  - are relevant in light of the company's material ESG issues and the executives' scope of action (for this we recommend avoiding criteria based on external ESG ratings);
  - are clearly defined and weighted, as quantifiable as possible and monitored over time;
  - are included in short- and long-term compensation, in line with the timeframe of their performance period.

2.3 Moderation

When executive compensation trends are disconnected from those of employees as a whole, the gap can threaten cohesion within the company, but also across society as a whole. Excesses contribute to deepening inequalities, recognised today as a major systemic risk. Furthermore, it is worth noting that the stronger attention paid by shareholders to transparency and the alignment of compensation with performance does not always prevent abuses in this regard.

Wage gaps analysis being more relevant within a sector or at company level, we encourage companies to publish all relevant information such as:

- **The ratio between the total annual compensation paid to the CEO and the median annual compensation paid to other employee** (also called "CEO pay ratio");
- **In the event of long-term compensation plans that are common to executives and employees;** the total number of beneficiaries, number of executive beneficiaries and maximum percentage that can be allocated to the latter.

Since 2020, the EU Shareholders Rights Directive II also requires companies to **publish the ratio comparing chief executive compensation with median and/or average employee compensation over the past five years** (called the "CEO pay ratio"). However, a majority of companies publish the CEO pay ratio for only part of their group's workforce, and not necessarily a representative sample, making it difficult to use the ratio for comparisons between companies. In this context and considering the general lack of information on employees' median annual compensation, we believe that the amount of 250x the average minimum legal wages in the two Eurozone countries that build up the majority of our scope (France and Germany), around 6 million euros, provides a relevant point of reference in Europe . As 250 is the average number of working days in the European Union, it offers a symbolic threshold beyond which an executive is paid more in one day than a minimum wage worker is in one year. We allow for exceptions to this principle in the event that exceptional circumstances justify exceeding the threshold.

In the United States, where compensation tends to be higher than in the European market, and where the CEO pay ratio has been published for a longer time and is measured more homogeneously, we apply a specific approach. We vote against executive compensation when the CEO pay ratio is higher than the CEO median pay ratio for its benchmark index, selected based on the company's market capitalisation.

We **disapprove of severance pay if a corporate officer chooses to leave the position of his/her own choice**, is dismissed for misconduct or has accumulated a poor track record in the years that preceded his/her leaving the company.

We therefore request that **severance pay**:

- Only occurs in the event of a **forced departure** - whatever form this may take – and in relation to a change in control or corporate strategy;
- Is subject to **performance criteria**;
- Does **not exceed two years annual pay** (fixed salary and bonus – excluding long-term compensation);
- Where non-competition compensation is also planned, the two payments combined should not exceed this upper limit

We **are not in favour of executives keeping their rights to all on-going free shares or stock option plans after they have left the company**. We request that post-employment acquisitions are calculated based on the pro-rata presence of the executive concerned over the total duration of the plan.

We are **not in favour of welcome bonuses**, unless they compensate for a drop in earnings for the executive due to the termination of prior tenure. This drop in earnings will need to be transparent and documented.

Finally, we ensure that the following principles are complied with as far as **supplementary pension plans** are concerned:

- A minimum of two years' tenure within the company;
- On the company's pay roll at the time of retirement;
- Benefits calculated solely on the basis of the annual compensation (fixed and variable);
- A reference period covering several years is established.

[5] Source: Eurostat, Monthly minimum wages - bi-annual data, S1 2024.
[6] The Dodd-Frank Act (2010) has required companies to publish their CEO pay ratio since fiscal year 2017.

2.4 Executive stock ownership

Executive stock ownership naturally encourages the alignment of executives' and shareholders' interests. We are therefore in favour of any schemes that can support executive stock ownership and particularly stock ownership guidelines. As far as performance shares and stock option schemes are concerned, we recommend the following rules:

- The **total volume of current schemes** (maximal potential dilution) must not exceed 10% of the capital;
- The **volume of shares effectively issued due to these schemes over the past three years** (also called "burn rate") is in line with sector practices (where this is not the case, the situation is analysed on a case-by-case basis);
- The **vesting of shares** is dependent on the achievement of ambitious long-term targets (vesting period of three years minimum). Where relevant, performance criteria must be aligned with the targets disclosed to the market. In contrast, we do not favour the use of time-based shares, a common practice in the United States in which stocks vest based exclusively on the condition of executives' continued service with the company;
- **Performance criteria** are included within the resolutions designed to authorise these plans. However, we prefer that any financial objectives (indicators and quantitative targets) be disclosed ex-ante to allow us to assess how ambitious they are;
- The **vesting scale** does not allow for partial vesting in the event of disappointing performance (below communicated targets).

2.5 France – ex ante vote on the remuneration policy

The **Sapin 2 Act**, which was adopted by the French Parliament in 2016, **provides for annual binding say-on-pay votes on the remuneration policy of each executive corporate officer** (ex-ante vote) and **on compensation elements paid to each executive corporate officer** (ex-post vote).

In the event the vote on the remuneration policy (ex-ante vote) is rejected by the general meeting, the board is to submit a new policy at the next General Meeting. However, in the meantime, and as long as the general meeting has not approved a remuneration policy, corporate executives will be remunerated according to the current policy. For this reason and for the sake of pragmatism, we will consider voting for a remuneration policy which does not fully comply with the above-mentioned principles, if it contains significant improvements compared to the current policy.

03 Financial statements and audit

3.1 Financial statements approval

We will **vote against the approval of annual accounts when the date of publication does not allow proxy voting shareholders sufficient time to consider the information prior to the vote.**

3.2 Related-party agreements

We shall **vote against the approval of the special auditors' report on related-party agreements**:

- When we **consider that some of the related-party agreements go against the interests of the company concerned or its stakeholders**;
- When **not enough information is disclosed to come to a decision regarding the first item**, such as when insufficient information is provided about the related party, the company's interest in the transaction or the financial implications for the company, i.e. the price and how it is determined;
- Generally, **when these agreements raise any suspicion of conflicting interests between the company and the related party**. This is because it is often difficult to assess the materiality of conflicts of interest (which could require an analysis of the related party's accounts and those of its associated entities). Therefore, even if the conflict of interest does not appear to be material, we vote against the agreement on the basis of a potential conflict of interest.

In addition, to make the information clearer to shareholders, **we consider it to be best practice to draft separate resolutions for votes on different related-party agreements**.

3.3 Appointment and compensation of statutory auditors

We shall **vote against the appointment of statutory auditors** if we believe the latter do not offer all the guarantees required with regards to the satisfactory performance of their duties.

In compliance with European legislation, and with the exception of specific and justified circumstances, w**e are not in favour of the reappointment of a statutory auditor if the mandate is longer than 10 years** (24 years in the case of a co-auditor) or if the information is not published by the company.

French law no longer requires the appointment of alternate auditors. If, however, such a resolution were to be submitted to a shareholders' vote, we would vote against alternate auditors having direct or indirect ties with one of the statutory auditors, as this would not resolve the potential issue of vacancy. If the statutory auditor resigns, the reason for the resignation generally leads to the resignation of the alternate auditor, if the two are bound by specific ties. We therefore believe that an alternate auditor that has ties with the statutory auditor is rarely in a position to take over and continue the mission, and therefore provides no protection in the event of a vacancy.

As far as **fees** are concerned, we disapprove of non-audit fees exceeding 50% of the fees paid to auditors.

3.4 Appointment and compensation of sustainability information auditors

Following the transposition of the EU CSRD[7] into French law[8], **French companies are required to appoint an expert**, approved by the shareholders, **in charge of auditing sustainability information**.

Broadly speaking, the criteria for opposing the reappointment of a statutory auditor will be applied to the appointment or reappointment of a sustainability auditor. If the sustainability auditor is the same firm as the statutory auditor, a vote against the reappointment of the statutory auditor, according to the criteria above, means that Sycomore AM would likewise vote against the resolution pertaining to the mandate of certifying sustainability reporting.

To enable shareholders to appraise the effectiveness and conditions of this auditing mission, **we encourage companies to apply the following best practices**:

- Include a separate **resolution for the appointment and compensation of sustainability auditors** on the agenda;
- Communicate **transparently about the selection process** and preferably publish a call for tenders prior to selection;
- Communicate **transparently about the verifications performed** regarding the alignment of the auditors' expertise with the mission to be performed;
- Where the same auditor is entrusted with the missions of auditing both financial and sustainability data, companies should communicate separately for each of these missions regarding the aforementioned points (appointment, compensation and alignment of expertise).

Lastly, we note that this **directive expands the role of the audit committee**, which must carry out additional duties for the assurance of sustainability information, while allowing for the possibility of entrusting to another Board committee or to members of the Board of Directors or the Supervisory Board the responsibility of ensuring that the statements published by the company meet sustainability reporting standards. We recommend that Boards of Directors define and report on the respective roles of the various committees (CSR committee, audit committee, risk committee, etc.) in supervising the processing of this information.

[7] Corporate Sustainability Reporting Directive (CSRD) - (EU) 2022/2464 published in the Official Journal of the European Union (OJEU) on 16 December 2022.

[8] Order 2023-1142 of 6 December 2023 on the publication and auditing of sustainability information and on the environmental, social and governance obligations of commercial companies.

04 Allocation of income and corporate actions

4.1 Allocation of income

The shareholder return policy must be **justified** with respect to the company's strategy and outlook and consistent with its earnings and/or leverage.

We vote **against the allocation of income when the proposed dividend seems to go against the long-term interests of the company**.

We are particularly vigilant in the following situations:

- When **the dividend is not consistent with the company's earnings** (the share of net income or the distribution rate is higher than generally accepted practices), its level of debt or the compensation paid to other stakeholders;
- When the company has announced a **plan to reduce the workforce**;
- When the company is making a loss and **the free cash flow does not cover the dividend**.

4.2 Corporate actions – general principles

We generally approve for the following requests:

- Share issuance with pre-emptive rights, within a limit of 50% over currently outstanding capital;
- Share issuance without pre-emptive rights and no mandatory priority period, within a limit of 10% over currently outstanding capital;
- Share issuance without pre-emptive rights but with a mandatory 5-day priority period, within a limit of 20% over currently outstanding capital;
- Share repurchase plans, within a limit of 10% over currently outstanding capital.

The share issuance requests, potentially cumulated, should not exceed these respective limits. Thus, if several non-specific requests for share issuances without pre-emptive rights or priority periods are presented, their cumulated amount should not exceed 10% of the outstanding capital. Consequently, the global ceiling for all share issuances should be capped at 50% of outstanding capital.

Finally, we vote against requests to increase capital in the event of demand exceeding amounts submitted to shareholder vote (also known as "green-shoe") that allow a breach of the maximum dilution thresholds set above.

4.3 Authorities impacting the **share capital** that can be used during a **takeover period**

In the event of a public offer, **we believe it is down to shareholders to make their decision on a case-by-case basis**. We are therefore **not in favour of anti-takeover mechanisms** and we shall oppose authorities impacting the share capital that can be used during a takeover period.

Finally, as far as **French companies** are concerned, the introduction of the Florange Law in France has led to the removal of the principle whereby Boards of Directors have to remain neutral during a takeover bid; we therefore require that authorities impacting the share capital include a notice specifying that they are explicitly excluded for the duration of public offers.

4.4 Share issuances reserved for a **category of investors**

We are **not in favour of routine requests for share issuances without pre-emptive rights and reserved for specific beneficiaries** (such as private placements, contributions in kind or public exchange offers) **unless the company provides specific justificatio**n.

Deals of this kind go against the principle of shareholder equality as they prevent som0e investors from taking part; we therefore consider it is down to the shareholders to assess, on a case-by-case basis, the strategic benefits of these actions. As a result, if the proposed deal cannot be described in the resolution at the time of the ordinary general meeting, we recommend that an extraordinary general meeting is held, to allow shareholders to voice their opinion on the deal.

Finally, in the event of strategic transactions, priority shall be given to long-term strategic interests. In addition to fair financial terms, we like to see quality governance and shareholder democracy being maintained and sustainable development issues taken into account.

4.5 Share issuances reserved for **employees**

In order to **encourage employee stock ownership**, we have set no limits to their ownership of capital and vote in favour of capital increases reserved for employees, providing the following conditions are respected:

- **The discount does not exceed 30%** (40% if the shares are held for 10 years or more);
- **The share issuances submitted to shareholder vote do not exceed 10%** of outstanding capital.

4.6 Specific cases

Sycomore AM has noted the **new limits and discounts for certain types of capital increases, in application of France's Attractiveness Law of June 2024**[9]. At this stage, we do not wish to change our voting policy concerning these points.

However, Sycomore AM may, on a case-by-case basis, **support authorisations for corporate actions that are not fully in line with principles mentioned above**, when specific circumstances and the strategic objective of the deal justify exceptional measures.

[9] French law 2024-537 of 13 June 2024 aimed at increasing the financing of French companies and the attractiveness of France.

05 Shareholder rights

5.1 Amendments to the Articles of Association

Resolutions that lead to a change in a company's articles of association shall be examined on a case-by-case basis, in compliance with the governance principles listed above and the value they offer for the different stakeholders. **For example, we are not in favour of**:

- The **relocation of headquarters or market listings** that would have a negative impact on the interests of minority shareholders;
- The **setting of a statutory age limit for members of the Executive team or Board**, which should be no substitute for thorough succession planning.

5.2 Voting shares

To ensure the **equal treatment of shareholders**, we disapprove of shares that do not respect the "**one share-one vote**" principle. We believe that shareholders' influence should be proportional to the financial risk taken. Consequently, unless reasonably justified by circumstances specific to the company, **we shall vote against resolutions concerning**:

- **The creation of non-voting shares;**
- **Shares carrying double or multiple voting rights;**
- **Limited voting rights.**

Regarding companies that wish to issue preferred shares with multiple voting rights, now authorised under the Attractiveness Law[10] of June 2024:

- We would like to underscore the importance and priority that we give to aligning shareholder influence with financial risk;
- In line with HCJP[11] recommendations, we advise setting limits to the validity period (seven years) and weighted voting ratio (10-to-1) for multiple-vote shares;
- In the first year the regulation will apply, we will vote on a case-by-case basis.

5.3 Shareholder loyalty schemes

In order to promote long-term ownership, we **are in favour of bonus dividends or loyalty shares**[12] for shareholders who hold their shares for two years or more and who contribute to the running of the company by exercising their voting rights in Shareholders' Meetings.

We ask that these schemes comply with the principle of equal shareholder treatment and that they are available to all shareholders, whether they are held in "bearer" or "registered" form.

5.4 Bundled proposals

In compliance with the recommendations issued by the AFG and in order to be able to express our views on all resolutions individually, we are **not in favour of bundling together proposals that could be presented as separate voting item**.

We are particularly attentive to resolutions concerning the appointment and the renewal of directorships, as well as related party agreements.

[10] French law 2024-537 of 13 June 2024 aimed at increasing the financing of French companies and the attractiveness of France.

[11] Haut Comité Juridique de la Place Financière de Paris, Rapport sur les droits de vote multiples, (Report on multiple voting rights, in French only) 15 September 2022.

[12] See article by Bolton and Samama, "LoyaltyShares: Rewarding Long-term Investors," which received the FIR-PRI prize in 2014: http://www.fir-pri-awards.org/wp-content/uploads/Article-P.Bolton-F.Samama.pdf

5.5 Dialogue and respect for shareholder democracy

Consistent with our investment philosophy, **our voting policy promotes a partnership-driven approach to governance** and encourages the involvement of different stakeholders to ensure their expectations are duly considered by the company. As an active shareholder and in keeping with our shareholder engagement strategy, we pay particular attention to shareholder democracy and to shareholders' rights to express their views.

Therefore, we shall **vote against the appointment or reelection of a company's Chair if we believe there are serious breaches to the interests of shareholders and/or society**, such as: refusal to include an external resolution on the agenda that does not encroach on the powers legally attributed to the governing bodies without proper justification, or any another action likely to hinder shareholder engagement and dialogue, or the integrity of the information communicated to shareholders.

These issues will be reviewed on a case-by-case basis when the appointment or reelection of the Chair does not feature on the agenda; other resolutions may also be concerned where relevant (approval of financial statements, remuneration policy etc.).

In the event of **significant opposition to a Board resolution** (more than 20% opposition from minority shareholders) or **significant approval of a resolution submitted by shareholders** (more than 20% approval from minority shareholders), we expect companies to pay particular attention to these issues and have them be put on the Board's agenda and brought to the attention of shareholders at least before the following shareholders' meeting.

Given the changes in procedures for holding shareholder meetings in recent years, Sycomore AM makes sure that shareholders remain properly represented and that dialogue and shareholder democracy are maintained. It is a fundamental right for shareholders to have the opportunity to interact with the company, ask questions orally and vote in real time at meetings. Therefore, shareholder rights must always be upheld in the same way, regardless of shareholder meeting format (in-person, hybrid or virtual). For example, we are not in favour of closed meetings attended by a single representative for shareholders. We oppose any resolution designed to introduce a shareholder meeting format that limits debate or shareholder rights, except under extraordinary circumstances and in keeping with local rules.

Also in support of shareholder dialogue, **we encourage companies to disclose the answers to all the written questions submitted ahead of a shareholder meeting**, including those answered during the meeting, to keep shareholders properly up to date and informed of proceedings.

06 Integration of **environmental** and **social issues**

6.1 General principles

Our approach as a certified B corporation and responsible investor is underpinned by our belief **that incorporating environmental and social issues into a company's strategy – and corporate purpose, if it has one – drives meaningful and sustainable value creation**. This is why we urge companies to treat their environmental and social impacts with the utmost **transparency**. We also encourage them to state specifically how they integrate these issues into their governance and disclosures, while engaging in **open dialogue** with all their stakeholders.

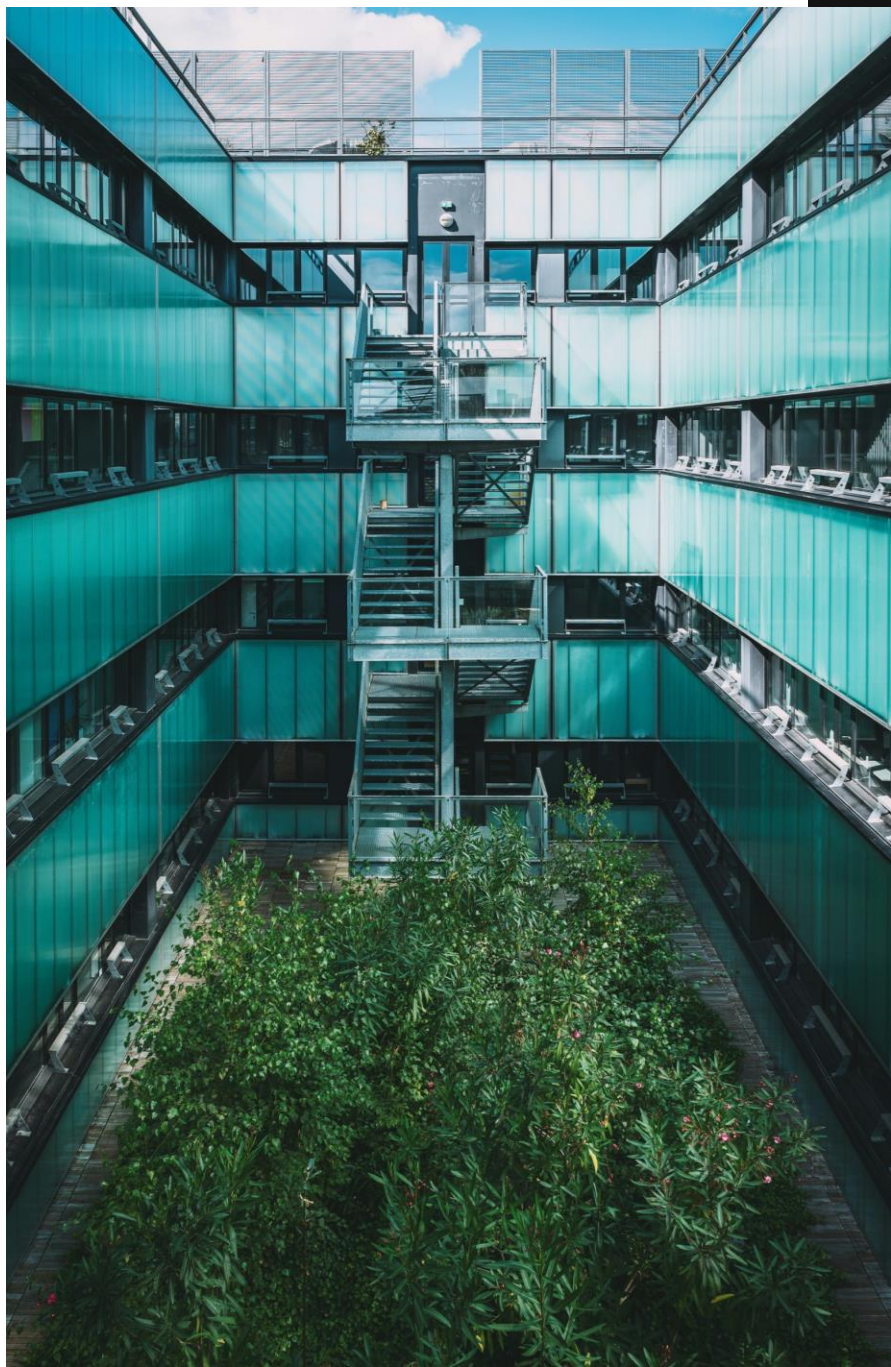
We believe that a company's executive bodies are responsible for its sustainability performance, including environmental aspects, and its business models, in the same way that they are accountable for its financial performance. Therefore we apply this reasoning to our voting decisions at shareholder meetings. More specifically, **we encourage companies to**:

- **Include environmental and social issues on the agenda of board meetings**, in both plenary sessions and any ad hoc committee meetings;
- **Appoint directors with recognised expertise** on environmental and social issues that are material for the company or its stakeholders;
- **Provide training for all board members** on environmental and social issues;
- **Amend the articles of association to include a corporate purpose with the company's environmental and social goals** and pursue a continuous improvement approach guided by short-, medium- and long-term targets, for example by initiating a B corporation or similar certification process.

In particular, we expect high climate-impact companies[13] and priority sectors for biodiversity[14], to detail in their corporate governance report the work undertaken by the Board to assess the company's environmental strategy.

[13] High climate-impact sectors, as defined in the regulatory technical standards of the Sustainable Financial Disclosure Regulation (2019/2088).

[14] Priority sectors in the list provided by the Taskforce on Nature-related Financial Disclosure (TNFD) in the additional guidance for financial institutions published in 2024 and available here.



6.2 Our votes on sustainability and environmental issues

Every year, we draw up a list of **priority companies on which we focus our analysis and engagement efforts** that will impact how we exercise our voting rights. To define this list, we take into account **sustainability criteria** such as:

- **Controversies** relating to human rights;
- Issues relating to company **restructuring**;
- Very high greenhouse **gas emissions** (GHG);
- A **climate transition plan** in which performance is not aligned with transition targets;
- Activities, products and services with **high impacts or dependencies on biodiversity**;
- Issues relating to the **moderation and alignment of executive pay** with sustainability strategy.

We support the adoption of **holistic, consistent and transparent sustainability strategies** with targets based on **scientific scenarios** that are fully integrated into the company's management. On a case-by-case basis, we consider voting against the reappointment of the chair of the board or the re-election of the chair or members of the strategy or sustainability committee, where applicable, if we deem that the company has not adequately integrated sustainability issues. This may show up in the following ways:

- The company's **environmental and social risk** reporting does not meet expectations;
- The company's **environmental and social strategy** does not adequately address its actual risks;
- The company's disclosed **transition plan**, particularly regarding the Net Zero by 2050 target, is vague or inconsistent.

More broadly, **if the company is in serious violation concerning a strategic sustainability issue or if dialogue is unsuccessful**, we reserve the right to **vote against certain resolutions** (approval of the financial statements, approval of the sustainability report, election of certain directors, executive compensation) to influence the company to take action.

Regarding **shareholder resolutions**, we support resolutions that push the company to improve its environmental, social and governance practices, as long as these resolutions align with our engagement principles and our analysis of the company.

Regarding **resolutions to approve sustainability reports**, which are being published more regularly in certain countries (Spain, Switzerland), we vote on a case-by-case basis. We may vote against a resolution due to the lack of transparency, inadequate quality of reported data, or if the company has set and publicly disclosed environmental and social targets that are not ambitious enough and/or were not met, with no corrective action plan.

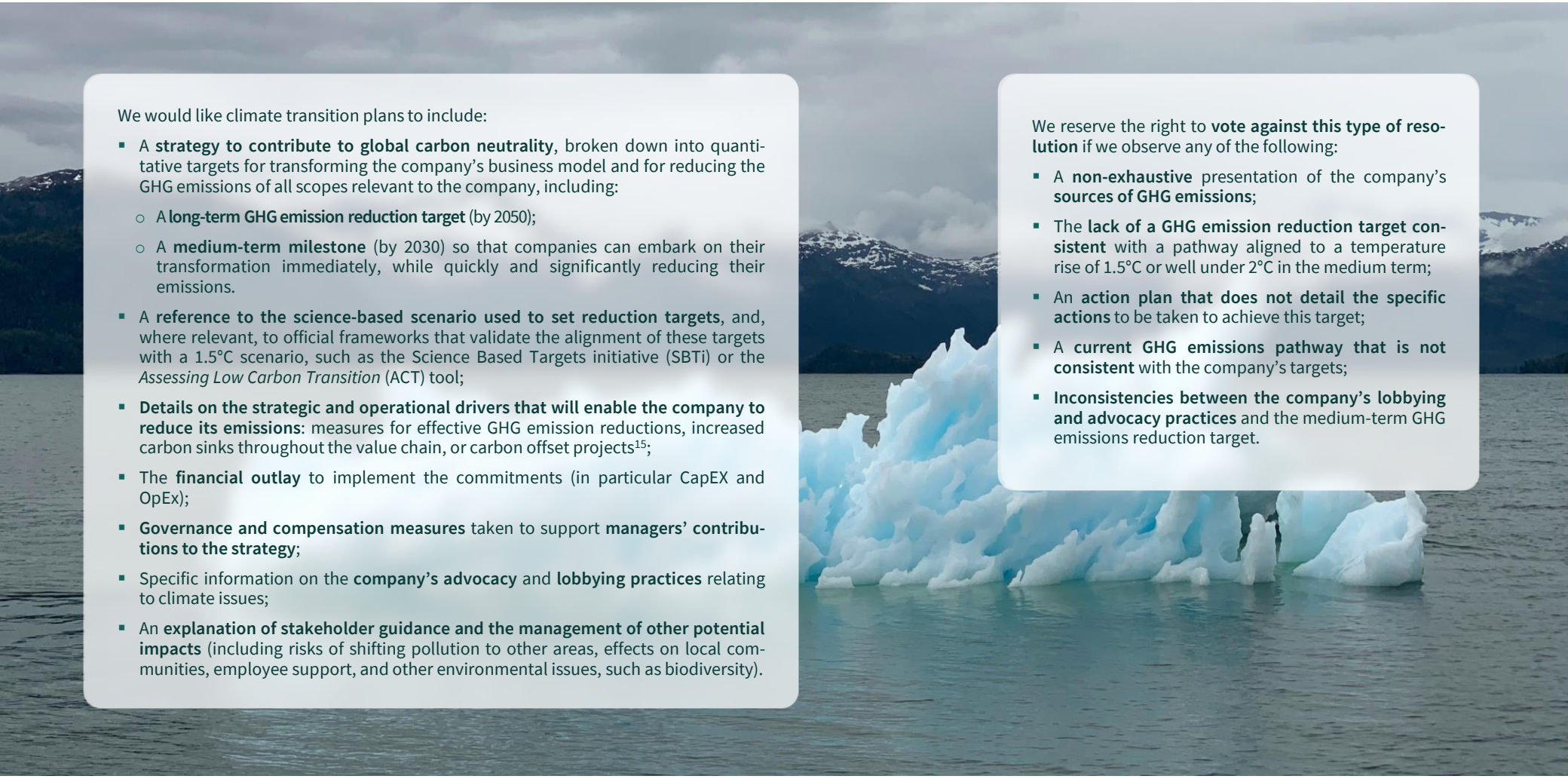
In recent years, companies have increasingly submitted their **climate strategy, biodiversity strategy or a broader sustainability strategy** to an advisory vote at the shareholder meeting, in the form of Say on Climate, Say on Nature or Say on Biodiversity, and Say on Sustainability resolutions, respectively. This type of resolution gives us the opportunity to express our views on the credibility of a company's strategy. As such, we:

- **Support the wider use of these resolutions;**
- **Encourage companies** that submit these resolutions **to be transparent** about their approach, targets, performance indicators and the resources allocated to achieve these goals;
- **Recommend regular shareholder advisory votes**, which are essential for fostering debate and tracking progress, the achievement of milestones, and the alignment of the company's trajectory with science-based targets, whenever possible, especially for environmental strategy.
- **Encourage companies to include details in the resolution**, as the vote is advisory, on how a high opposition rate or a rejection of the resolution from shareholders would be handled.

We vote on these resolutions on a case-by-case basis to deliver an informed opinion on the strategies and transition plans deployed by our investee companies.

6.2 Our votes on sustainability and environmental issues

Specific principles for **Say on climate**



We would like climate transition plans to include:

- A **strategy to contribute to global carbon neutrality**, broken down into quantitative targets for transforming the company's business model and for reducing the GHG emissions of all scopes relevant to the company, including:
  - A **long-term GHG emission reduction target** (by 2050);
  - A **medium-term milestone** (by 2030) so that companies can embark on their transformation immediately, while quickly and significantly reducing their emissions.
- A **reference to the science-based scenario used to set reduction targets**, and, where relevant, to official frameworks that validate the alignment of these targets with a 1.5°C scenario, such as the Science Based Targets initiative (SBTi) or the *Assessing Low Carbon Transition* (ACT) tool;
- **Details on the strategic and operational drivers that will enable the company to reduce its emissions**: measures for effective GHG emission reductions, increased carbon sinks throughout the value chain, or carbon offset projects[15];
- The **financial outlay** to implement the commitments (in particular CapEX and OpEx);
- **Governance and compensation measures** taken to support **managers' contributions to the strategy**;
- Specific information on the **company's advocacy** and **lobbying practices** relating to climate issues;
- An **explanation of stakeholder guidance and the management of other potential impacts** (including risks of shifting pollution to other areas, effects on local communities, employee support, and other environmental issues, such as biodiversity).

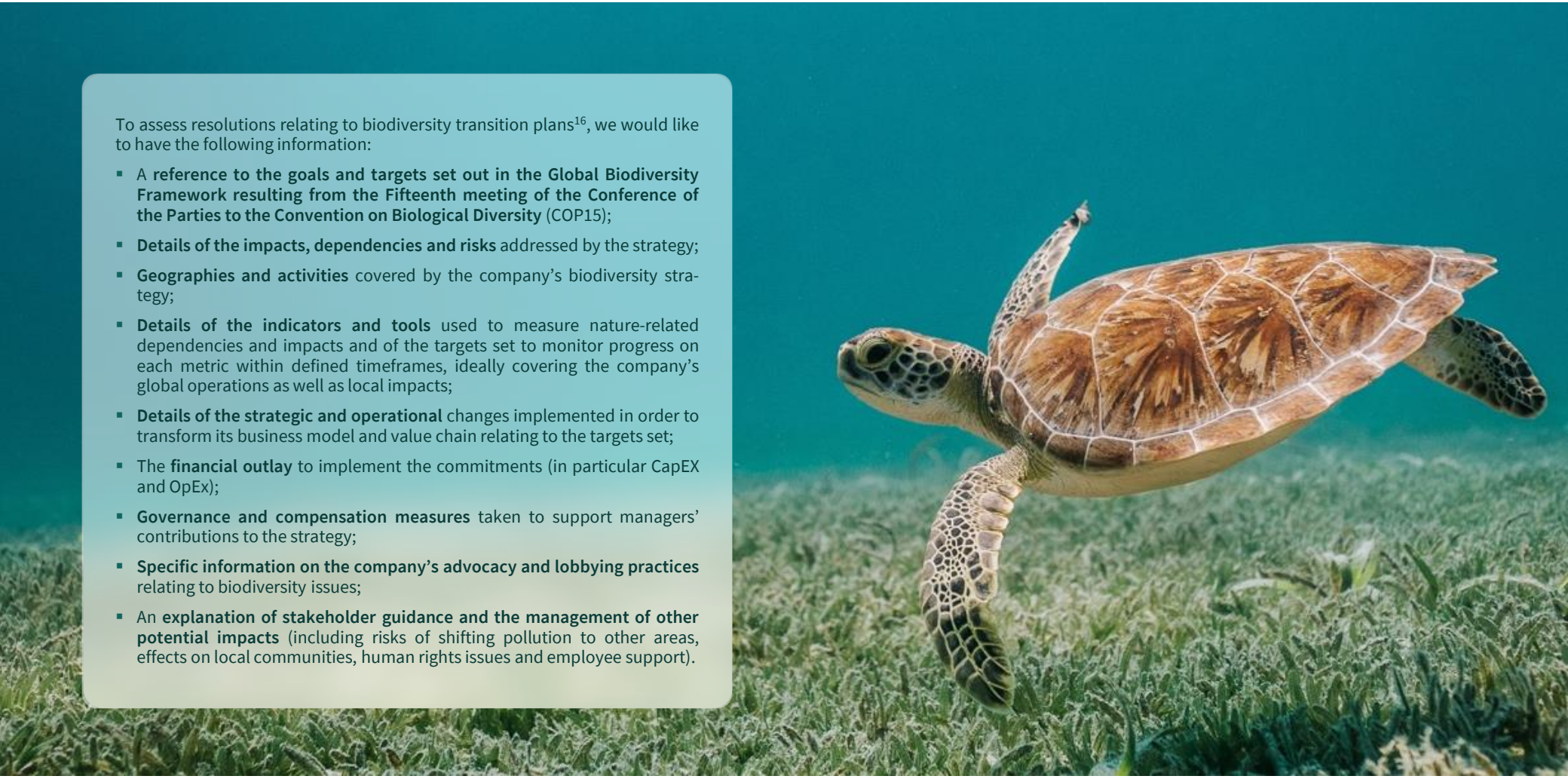
We reserve the right to **vote against this type of resolution** if we observe any of the following:

- A **non-exhaustive** presentation of the company's **sources of GHG emissions**;
- The **lack of a GHG emission reduction target consistent** with a pathway aligned to a temperature rise of 1.5°C or well under 2°C in the medium term;
- An **action plan that does not detail the specific actions** to be taken to achieve this target;
- A **current GHG emissions pathway that is not consistent** with the company's targets;
- **Inconsistencies between the company's lobbying and advocacy practices** and the medium-term GHG emissions reduction target.

[15] In accordance with the guidelines of the Net Zero Initiative, led by Carbone 4, published in 2020 and available here.

6.2 Our votes on sustainability and environmental issues

Specific principles for **Say on Biodiversity**



To assess resolutions relating to biodiversity transition plans[16], we would like to have the following information:

- A **reference to the goals and targets set out in the Global Biodiversity Framework resulting from the Fifteenth meeting of the Conference of the Parties to the Convention on Biological Diversity** (COP15);
- **Details of the impacts, dependencies and risks** addressed by the strategy;
- **Geographies and activities** covered by the company's biodiversity strategy;
- **Details of the indicators and tools** used to measure nature-related dependencies and impacts and of the targets set to monitor progress on each metric within defined timeframes, ideally covering the company's global operations as well as local impacts;
- **Details of the strategic and operational** changes implemented in order to transform its business model and value chain relating to the targets set;
- The **financial outlay** to implement the commitments (in particular CapEX and OpEx);
- **Governance and compensation measures** taken to support managers' contributions to the strategy;
- **Specific information on the company's advocacy and lobbying practices** relating to biodiversity issues;
- An **explanation of stakeholder guidance and the management of other potential impacts** (including risks of shifting pollution to other areas, effects on local communities, human rights issues and employee support).

[16] This list is mainly based on the TNFD's discussion paper on nature transition plans, published in 2024 and available here.

07

Specific principles for **small and mid-sized capitalisations**

We consider **companies with market capitalisations of under €3 billion to be in the "small and mid-caps" category**.

Our objective is to promote the **good corporate governance** principles mentioned above in the **most pragmatic and relevant manner possible**. We therefore analyse small and mid-sized capitalisations on a case-by-case basis, in order to take into account their specific constraints.

In particular:

- **The combined roles of Chairman and CEO**: we are not opposed to the combination of roles when the size of the entity would not enable an effective separation of roles;
- **Specialised Board committees**: to guarantee their effectiveness, we believe it is preferable to allow smaller Boards to organise themselves according to their needs. However, we recommend the setting up of an Audit Committee, as a minimum requirement;
- **Executive compensation**: when compensation and performance are satisfactorily aligned, and the amounts allocated are reasonable (overall compensation package under €500,000), we do not apply the same level of requirements (on the transparency and exhaustive nature of the compensation policy and reports) as we do for larger companies;
- **Compensation of non-executive directors**: while we are generally opposed to the remuneration of directors in stocks or stock options, we take into account the specific case of smaller-sized companies that may not have the financial means to offer their directors attractive attendance fees.

08 Conflicts of interest

We have identified **two potential risks** that could lead to a conflict of interests:

1. A board member of the company concerned is also **a large client of Sycomore AM or one of its affiliates**;
2. A board member of the company concerned is also **an associate or corporate officer at Sycomore AM or one of its affiliates**.

To **prevent these risks**:

- **Sycomore AM does not deviate from its voting policy**, which is drawn up independently from its client relations;
- **None of Sycomore's associates or corporate officers holds a mandate** within the governance bodies of an issuer held in the funds managed by the firm.

GENERALI

Sycomore AM and **Assicurazioni Generali** entered into a **strategic partnership** in February 2019 that involved the acquisition by Assicurazioni Generali of a stake in Sycomore Factory SAS, the controlling company of Sycomore AM. This situation does not affect the voting rights exercised by Sycomore AM. In fact, Assicurazioni Generali has officially notified the French Financial Market Authority that Sycomore AM remains independent with regards to proxy voting, as well as the organizational measures taken to that end.

Through the portfolios it manages financially, Sycomore AM may hold voting rights in other entities belonging to its own group (Generali). To prevent any potential conflict of interest, **Sycomore AM systematically takes a neutral stance with respect to issuers in the Generali group** and refrains from voting at the shareholder meetings of those issuers.

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