2021

sycoway **as an investor**

sycomore shared growth

responsible investor report

sycomore am

Label ISR

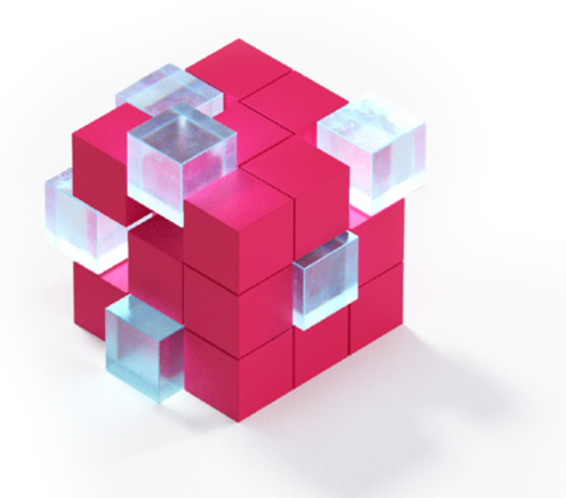
Report on the Sycomore Shared Growth fund at 31 December 2021.

introduction

This report concerns Sycomore Shared Growth, a sustainable investment fund that has received the Socially Responsible Investment (SRI) label (created and supported by the French Ministry of Economy and Finance, version 2 applicable as of 23 October 2020) and that qualifies as an "Article 9 fund"(1) as defined in the EU Sustainable Finance Disclosure Regulation (SFDR) 2019/2088. It should be read in conjunction with Sycomore AM's Responsible Investor Report. The Sycomore Shared Growth Responsible Investor Report describes the fund's objectives, the criteria embedded within the fund's investment process and the sustainability performance of investments at 31 December 2021, along with engagement activities and voting at shareholder meetings in 2021.

This report supplements the Transparency Code, designed and approved by AFG, FIR and Eurosif, which is applicable to SRI-labelled funds and provides details on the methods and resources deployed for the management of SRI strategies. It also meets French SRI label requirements on the disclosure of the fund's environmental, social, governance and human rights performance. For the sake of consistency, it takes into account some of the requirements of Article 29 of France's Energy and Climate Law No. 2019-1147 of 8 November 2019 on energy and climate issues for the 2021 reporting year, as well as the requirements of the EU Sustainable Finance Disclosure Regulation (SFDR) 2019/2088 passed by the European Parliament and the European Council on 27 November 2019. Sycomore AM publishes a responsible investor report for each of its SRI-labelled funds.

For more information on the methods and resources used to analyse the sustainability performance of companies in our investment universe, please see Sycomore AM's Responsible Investor Report.



The fund comes with no guarantee of earnings or performance and carries a risk of loss of principal. Before investing, please see the fund's Key Investor Information Document available on our website: www.sycomore-am.com. The indicators are based on companies' most recently published data (2020 or 2021 in most cases). The ESG performance reported in this document is that of companies in which the fund owned shares at 31 December 2021 and does not represent the fund's direct contribution to this performance. The French SRI label, created and supported by the French Ministry of Finance, helps retail investors to identify responsible and sustainable investment strategies. The label serves as a guide for investors but offers no guarantee on the capital invested and does not certify the quality of investment management strategies implemented within the fund.

(1) Under the SFDR, an Article 9 fund has a sustainable investment objective. The regulation defines sustainable investment as "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."

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01 an **SRI-labelled** and **SFDR Article 9** fund

1.1 investment **philosophy** and **objectives**

our **fund**

Awarded the French SRI Label at the end of 2017, Sycomore Shared Growth focuses on companies that offer solutions to society's major global challenges and have integrated this pursuit of positive impacts into their strategy, with a view to delivering profitable and sustainable growth. The fund aims to outperform the EuroStoxx Total Return (dividends reinvested) over a minimum investment horizon of five years, based on a socially responsible investment process in line with the United Nations' Sustainable Development Goals. The fund has a sustainability objective in accordance with Article 9 of the Sustainability Financial Disclosure Regulation (SFDR) 2019/2088 of 27 November 2019.

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

- **Intentionality:** The stock selection and portfolio construction processes described below draw on a key indicator that measures companies' societal contribution. The Societal Contribution (SC) aggregates the net societal contribution of companies' products and services. The fund aims to outperform its benchmark index for this indicator. In addition to this indicator focusing on the company's products and services, the fund also aims to outperform its benchmark index in terms of growth in staff at portfolio companies over three years. This indicator is used as a measure of their contribution to job creation. As a result, both the selection criteria and the performance indicators directly reflect the intention of the fund.
- **Additionality:** Our responsible investment approach focuses on promoting best practices. We do that through shareholder engagement, as detailed in chapter 3, thereby urging companies to improve their performance.
- **Measurement:** The SC and the NEC measure the alignment of our investments with the fund intention and positions them against the benchmark index. In chapter 2, we discuss the portfolio's net societal and environmental contributions and other indicators that measure the fund's sustainability performance. Then in chapter 4, we report on the exposure of our investments to the SDGs.

The investment universe includes listed stocks in Continental Europe, with no limitations in terms of capitalisation. Eligible companies are subjected to a rigorous selection process and an integrated analysis based on our SPICE[2] model described in our Environmental, Social and Governance (ESG) Integration Policy[3].

(2) SPICE stands for Society & Suppliers, People, Investors, Clients and Environment.
(3) Our ESG Integration Policy details the information taken into account in our SPICE fundamental analysis model. It is available on our website.

01 an **SRI-labelled** and **SFDR Article 9** fund

1.2 our **selection criteria**

our **screening**

In line with the fund's objective, the eligible universe is created by applying the following ESG exclusion and selection criteria:

- **Exclusion of significant sustainability risks or adverse sustainability impacts.** The exclusion criteria aim to exclude companies with significant sustainability risks or adverse sustainability impacts, based on the European Commission's concept of double materiality. In other words, the criteria cover not only risks that are material to the company's business value, but also the negative social or environmental impact of its business activities on its stakeholders. The approach also examines how these two factors are interconnected.

A company is therefore ineligible for the fund if it deals in activities excluded by our SRI Exclusion Policy(4) for its controversial social or environmental impacts, or if its SPICE rating is strictly less than 3/5.

Under the SFDR's definition of sustainable investment, this screening criterion is used to:

01 **protect fund exposure** from significant negative movements by considering Principal Adverse Impacts (PAI) in the SPICE(5) analysis;

02 **ensure compliance** with the principles of good governance and ESG risk management(6) beyond the fund's social and environmental objective.

- **Inclusion of positive social contributions**
This screening criterion aims to select companies whose business activities contribute significantly to solving major social issues and/or practice good corporate citizenship (specifically: business ethics, responsible tax policy and compliance with human rights). Companies are selected if their Society rating is ≥ 2.5/5.

(4) For more information on excluded activities, please see our Exclusion Policy.
(5) PAI indicators, as defined in Annex 1 of the SFDR Regulatory Technical Standards, are integrated into the process through the analysis criteria of the SPICE model, based on their materiality to the company's businesses and geographies and the availability of the related information.
(6) For more information on how ESG risks are incorporated into our screening process, please see our ESG Integration Policy.

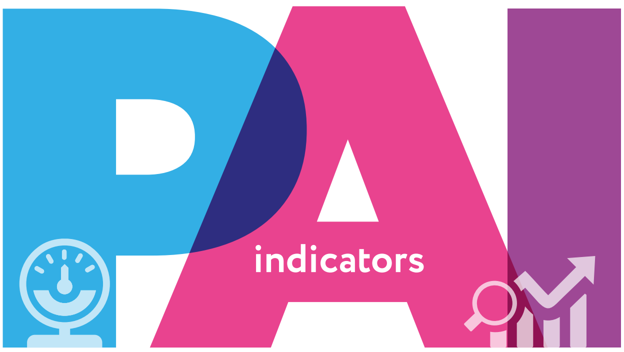
01 an **SRI-labelled** and **SFDR Article 9** fund

1.3 sustainability risk **management**

The fund's exposure to sustainability risks is managed by requiring a minimum SPICE rating. The SPICE analysis model takes into account the two inextricably linked concepts of sustainability risks and impacts. Through its 90 underlying criteria, SPICE analyses the company's exposure to and management of sustainability risks, including risks relating to business ethics, taxes, human rights, working conditions, the subcontracting chain, environmental disasters, the ecological and energy transition, personal data protection, and more. SPICE also covers the principal adverse impacts, especially the SFDR's 14 mandatory PAI indicators applicable to business organisations. All of these points are explained further in our ESG Integration Policy.

Compliance with our SRI Exclusion Policy limits the fund's exposure to certain sustainability risks associated with controversial activities due to their significant adverse social or environmental impacts. This policy covers controversial and conventional weapons, tobacco, pesticides, pornography, violation of the UN Global Compact, conventional and unconventional fossil fuels (coal, oil and gas) and, more broadly, carbon-based electricity generation. Most exclusions are determined by applying strict criteria based on the exposure of company revenue. Depending on the funds' investment strategy, our exclusion strategy can figure in a tolerance level, especially in energy. This is done to help support companies that have set robust transition plans. Also, as part of a dynamic improvement approach aimed at contributing to the goals of the Paris Agreement, we have defined a specific engagement programme for companies exposed to fossil fuels[7].

SPICE also covers the principal adverse impacts, especially the SFDR's 14 mandatory PAI indicators applicable to business organisations.



(7) Details on our engagement programme for fossil fuels are provided in our ESG Integration Shareholder Engagement Policy.

focus on **managing** biodiversity and climate change risks

In 2019, the IPBES[8] identified climate change as one of the main pressures driving biodiversity loss. Climate change interacts and is inter-dependent with other environmental issues, as detailed in our Natural Capital Strategy and widely documented by the MEA, IPCC, and Planetary Boundaries[9]. The ability to adapt to climate change is also highly dependent on the resilience of our ecosystems. This resilience is measured by biodiversity and is closely linked to how we use biotic and abiotic resources and how we manage waste.

As such, our climate change and biodiversity risk management is integrated into our broader approach to managing risks of environmental impact. This approach has been incorporated into our fundamental analysis tool, Sycovalo, which creates financial and non-financial analysis models using our SPICE stakeholder assessment method and the Net Environmental Contribution (NEC). Together, these metrics cover all climate issues, biodiversity issues such as water use and pollution, and resource issues such as waste. They are integrated into the E rating, for "Environment" stakeholders in the SPICE model, but also into the I segment, for Investors, in the analyses of companies' governance and business model. The SPICE analysis model was updated in 2019 to better account for the dynamic nature of business models and the international recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), while maintaining consideration for natural capital, as advocated by the Taskforce for Nature-related Financial Disclosures (TNFD), whose recommendations are more comprehensive than the TCFD's guidelines. The following points are assessed:

- **The transition risk towards an environmentally sustainable economy accounts for 50% of the E rating and combines three analyses:**
  - The business model impact, measured using the NEC, which reflects the current transition risk. It is the most significant factor in the transition risk rating. It is supplemented with classification information, such as the share of EU Taxonomy-aligned activities or the "green share" of the Greenfin label.
  - The "pathway and alignment" criterion, which assesses the company's transition pathway and quantifiable alignment factors – e.g. its strategic plan, changes in product mix, customers, technology and/or purchasing, its planned investments and/or divestments – that could impact the climate, biodiversity or resources used. Some of these factors can be translated into future changes in the NEC and alignment measures with the implied temperature rise trajectory, drawing on the Sectoral Decarbonization Approach (SDA), the Science-Based 2°C Alignment method (SB2A) or the Science Based Targets Initiative (SBTi). All these factors set the transition risk rating in a more dynamic and forward-looking perspective.
  - The "Green Differentiation" criterion, which covers eco-design, life-cycle analysis and ecological leadership. This is used to capture differentiation within the sector, while the first two criteria are universal, or cross-sector. These peer analysis factors improve the accuracy of the transition risk rating.

(8) Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.
(9) See the Millennium Ecosystem Assessment (MEA) at http://www.millenniumassessment.org/, Outside the Safe Operating Space of the Planetary Boundary for Novel Entities, February 2022 (https://pubs.acs.org/doi/10.1021/acs.est.1c04158), and more broadly research from the Stockholm Resilience Centre and the Intergovernmental Panel on Climate Change.

1.3 sustainability risk **management**

- The **physical risks** generated by the physical consequences of biodiversity loss, climate change, and more generally environmental degradation are assessed on a scale of 1 to 5. They cover, as comprehensively as possible, risks to the company's assets and value chain, from suppliers to customers. These risks represent 10% of the E rating.

- The remaining 40% of the E rating assesses the environmental footprint of company operations and its environmental strategy.

The scope for each assessment, including the NEC, covers:

- The four direct drivers of change in nature, as stated by the IPBES in 2019: (1) changes in land and sea use; (2) direct exploitation of organisms; (3) climate change; and (4) pollution.
- The entire value chain i.e. Scopes 1, 2 and 3, both upstream and downstream, as long as they have a significant impact. The NEC also covers the whole value chain up to the end use of products and services, and considers both positive and negative impacts, such as energy saved, avoided emissions (sometimes referred to as Scope 4) or tonnes recycled. The methodology is public and available on https://nec-initiative.org/.

biodiversity footprint

We are exploring the use of Iceberg Data Lab's Corporate Biodiversity Footprint (CBF) to quantifiably and more accurately measure the overall absolute impact of our investments on biodiversity. The CBF methodology is available on its website. This metric provides a model of companies' biodiversity footprint based on their main sources of pollution: land use, greenhouse gas (GHG) emissions, air pollution and water pollution. Moreover, it assesses impacts throughout the value chain (Scopes 1, 2 and 3). These factors are aggregated into a footprint expressed in a unit of surface area, km^2MSA (Mean Species Abundance), referring to the equivalent loss of natural land due to the company's business activity. In 2021, the methodology was rolled out to all business sectors, with 64% coverage of assets in which Sycomore AM held a direct investment on 31 December 2021. We are working on the interpretation of these footprints for future publications.

In addition to this sustainability risk management approach, the fund's climate and biodiversity alignment strategy, pursuant to Article 29 of France's Energy and Climate Law, has been adapted from the investment management strategy described in Sycomore AM's Responsible Investor Report.

02 the fund's **sustainability indicators**

The fund's sustainability performance is assessed by several indicators. Some of these are used as screening criteria in investment decisions and/or for setting targets to outperform the benchmark index. 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.

The following table categorises indicators into those used to screen companies, those used to set outperformance targets and those assess the fund's sustainability performance, other than with regard to the outperformance targets, at end-2021.

<table>
<tr><th>Indicators used to screen companies before investing</th><th colspan="2">Indicators used to assess the fund's sustainability performance, reported annually</th></tr>
<tr><td rowspan="3">S P I C E
rating</td><td rowspan="3">Reporting indicators on the achievement of environmental targets</td><td>Net Environmental Contribution - NEC</td></tr>
<tr><td>Exposure to fossil fuels</td></tr>
<tr><td>Carbon footprint</td></tr>
<tr><td rowspan="5">Society rating (including the Societal Contribution of Products and Services and corporate citizenship)</td><td rowspan="5">Reporting indicators on the achievement of social targets</td><td>Societal Contribution of Products and Services*</td></tr>
<tr><td>The Good Jobs Rating</td></tr>
<tr><td>Growth in staff*</td></tr>
<tr><td>Gender diversity on executive committee indicators</td></tr>
<tr><td>Human Rights Policy</td></tr>
</table>

* Indicators for which a performance target is set to meet the standards of the French SRI label.

PAI Indicators of principal adverse impacts (PAI), as defined in the SFDR.

Indicators developed by Sycomore AM

It should be noted that these indicators determine whether investments meet the SFDR's sustainability criteria, which use social indicators to define a social sustainability objective as "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", and environmental indicators to define an environmental sustainability objective as "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".

Some of these performance indicators are developed by Sycomore AM (e.g. 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 numbers, representation of 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.

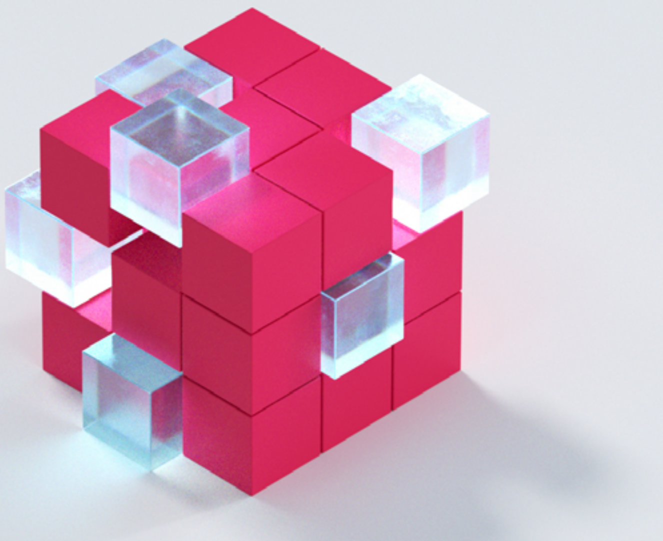
02 the fund's **sustainability indicators**

2.1 breakdown of investments with a **social or environmental objective**

sustainability objective

The SFDR[10] defines a sustainable investment as an investment in an economic activity that contributes to specific social and environmental objectives.

- A sustainable investment with an **environmental objective** can be measured using key indicators such as:
  - use of energy
  - use of renewable energy
  - use of raw materials, water and land
  - production of waste
  - greenhouse gas emissions
  - impact on biodiversity, or
  - the circular economy
- A sustainable investment with a **social objective** is an investment that contributes to:
  - the fight against inequality
  - social cohesion
  - social integration and labour relations
  - human capital, or
  - economically or socially disadvantaged communities



(10) Definition available in Article 2, paragraph 17 of the EU Sustainable Finance Disclosure Regulation (SFDR) 2019/2088 passed by the European Parliament and the European Council on 27/11/2019.

02 the fund's **sustainability indicators**

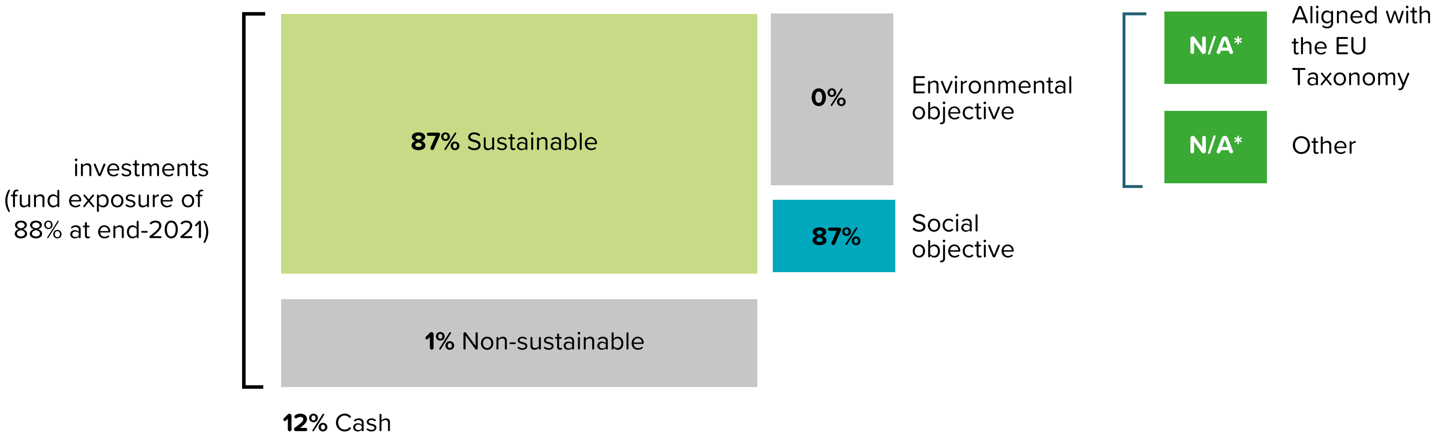
2.1 breakdown of investments with a **social or environmental objective**

Based on this definition and the indicators used in the fund analysis and selection process, investments with a social objective are identified by the following criteria, applied one after the other, and are not counted twice:

- Investments with a Societal Contribution of Products and Services equal to or greater than 10%, thus contributing positively to social issues identified by the United Nations' Sustainable Development Goals;
- Investments with a rating for the People pillar (letter P in SPICE) equal to or greater than 3.5/5, thus contributing positively to the development of decent working conditions;
- Investments with a corporate citizenship rating (letter S in SPICE) equal to or greater than 3.5/5, for companies with a social impact mission or that surpass minimum requirements that contribute to society;
- Investments with a SPICE rating strictly higher than 3.5/5, thus contributing positively to sustainability issues as a whole.

In line with its sustainability objective, 88% of investments held in the Sycomore Shared Growth fund contributed to a social objective as at the end of 2021. The diagram below shows the fund's investments by sustainability objective, as recommended in the annexes of the SFDR Regulatory Technical Standards.

sustainability of investments according to the SFDR



* At the time of writing this report, the information available could not be used to determine the share of investments aligned with the EU Taxonomy.

The low share of non-sustainable investments (0.8%) at the end of 2021 is attributable to two companies (Sarantis, AS Company). Their non-financial reporting is limited due to their size, which is why we assigned them a conservative rating.

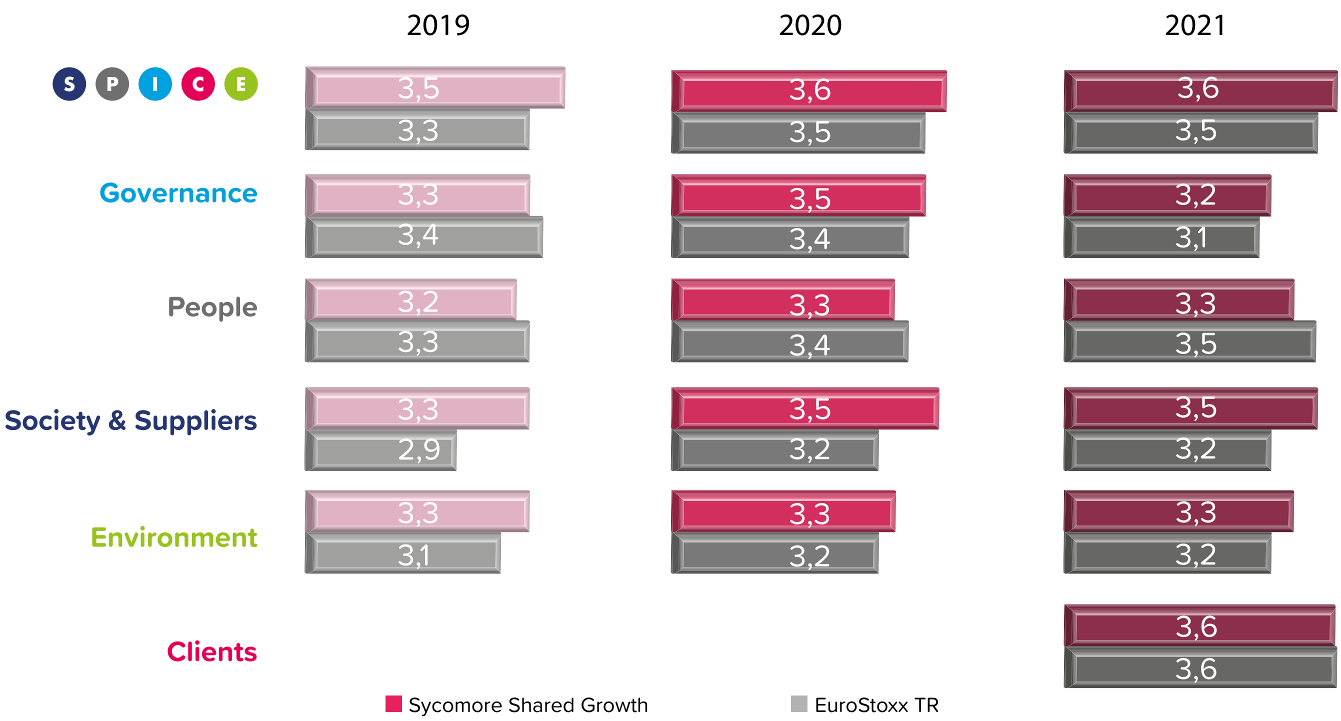
02 the fund's sustainability indicators

2.2 SPICE rating

sustainability performance

We assess the sustainability performance of our investments through our SPICE fundamental analysis model[11]. At 31 December 2021, the weighted average of SPICE ratings of investments held in the Sycomore Shared Growth fund (3.6/5) improved from 2019 (3.5/5). It was consistent with 2020 (3.6/5) and was higher than the EuroStoxx TR benchmark index (3.5/5).

changes in the fund's SPICE ratings compared to its index



2021 Coverage ratio (weight): 100% – Shared Growth / 100% – EuroStoxx TR
2021 Coverage ratio (number): 100% – Shared Growth / 99% – EuroStoxx TR

(11) 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. The Clients rating was disclosed separately for the first time in relation to the 2021 reporting year (instead of being included in SPICE, as it has been since the rating was created).

the fund's **sustainability indicators**

2.3 Societal Contribution of Products and Services

We measure our investments' alignment with major societal issues using the Societal Contribution of Products and Services (SC), a methodology developed by Sycomore AM. The SC of Products and Services is a quantitative metric that aggregates the positive and negative contributions of a given business, assessed on a scale ranging from -100% to +100%. 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.

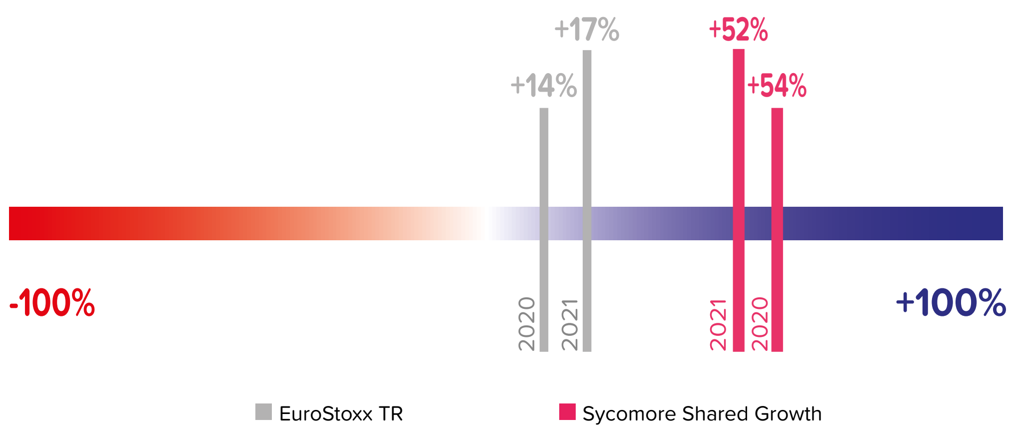
The total contribution is the sum of each activity's contribution to the three pillars, determined as a percentage of the revenue each activity generates.

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

In 2021, the Societal Contribution of Products and Services for portfolio companies stood at +52%, compared with +17% for the fund's benchmark index. The fund has therefore achieved its target of outperforming the index for this indicator. The significant difference with the benchmark index is due to the fund's investment objective to invest in companies that bring solutions to major social issues. This strategy comes through in the fund's significant exposure to businesses with high Societal Contributions, such as the pharmaceutical industry, medical equipment, healthy eating, sustainable transport, and personal and household services.

The Societal Contribution of Products Services for Sycomore Shared Growth remained unchanged from 2020 (+54%).

changes in the societal contribution of the fund and its benchmark



2021 Coverage ratio (weight): 100% – Shared Growth / 94% – EuroStoxx TR
2021 Coverage ratio (number): 100% – Shared Growth / 85% – EuroStoxx TR

The methodology used to calculate the Societal Contribution of Products and Services for the pharmaceutical industry is described in Appendix 3.

02 the fund's **sustainability indicators**

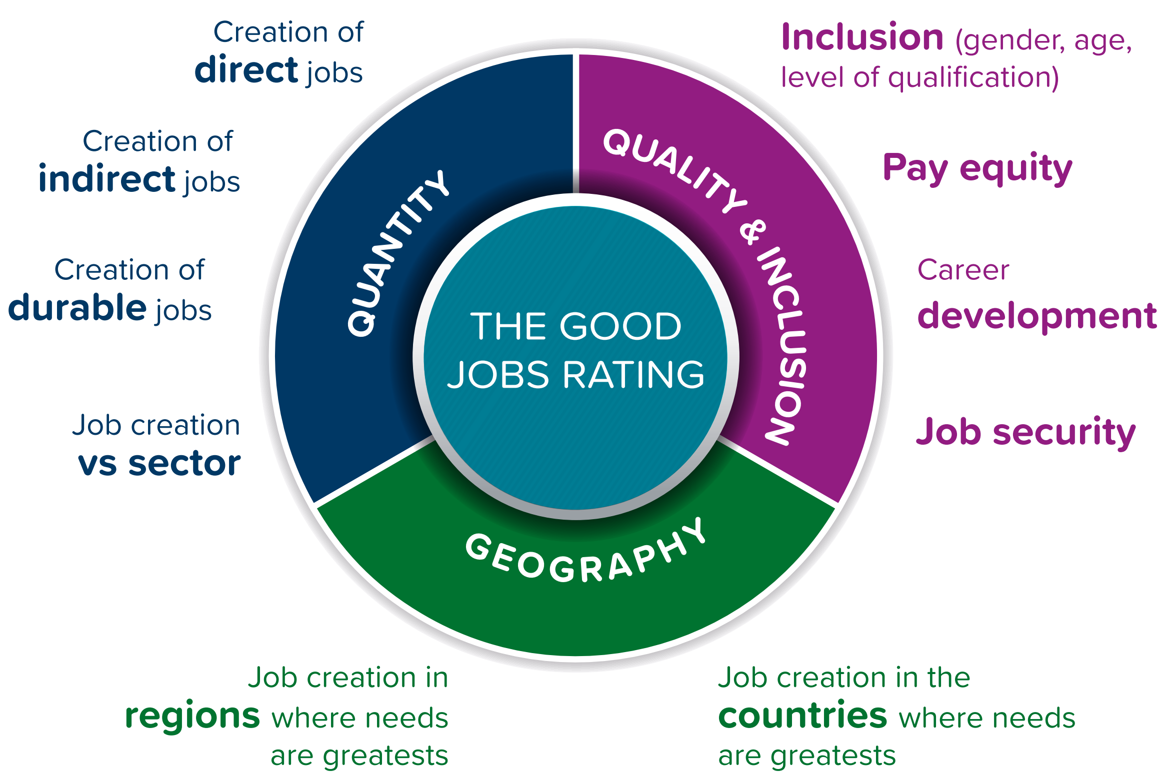
2.4 the **Good Jobs Rating**

the **metric**

We assess a company's societal contribution as an employer using the Good Jobs Rating, a metric co-developed with The Good Economy (the methodology is available publicly and on our website).

The Good Jobs Rating is a data analysis tool enabling investors to assess the societal contribution of companies, as employers and as creators of quality employment opportunities, around the world and in the regions where they operate.

This metric uses three dimensions – quantity, quality & inclusion, and geography – to assess a company's ability to create sustainable and high-quality job opportunities for all, and especially in countries or regions where employment is limited and therefore essential to attaining sustainable and inclusive growth.



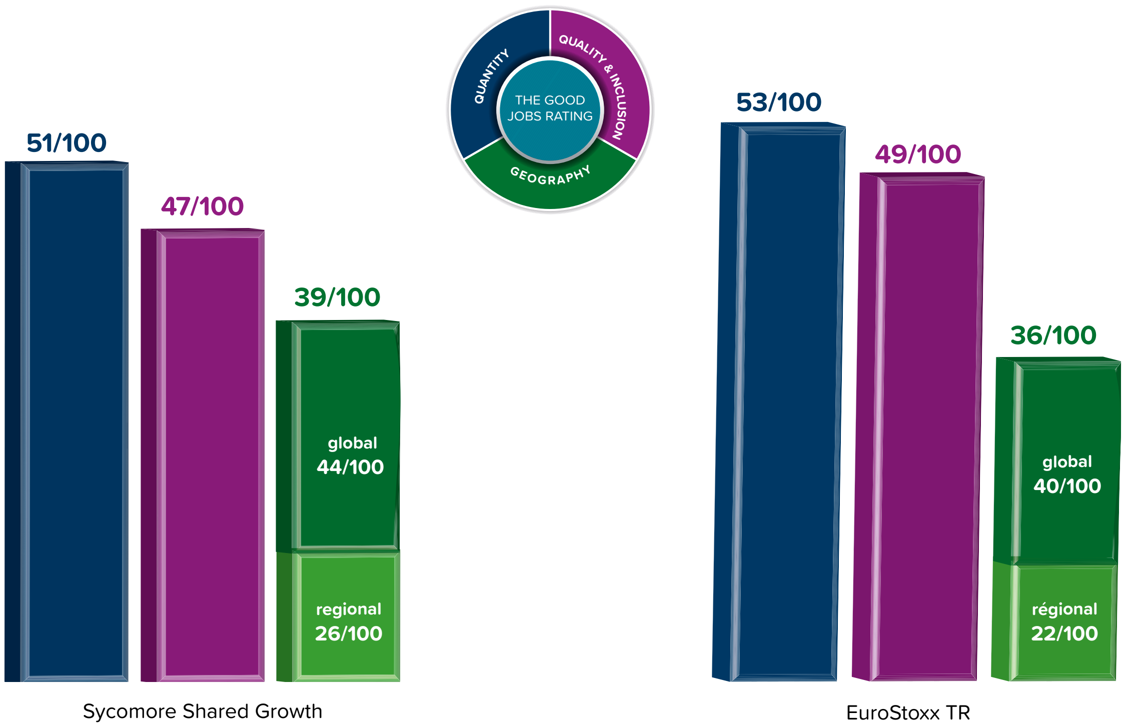
The metric was rolled out in 2021, so there is no comparative data for previous years.

02 the fund's sustainability indicators

2.4 the Good Jobs Rating

the scores

At end-2021, the Sycomore Shared Growth fund's score was 46/100, in line with the EuroStoxx index. Sycomore Shared Growth outperformed its index in the Geography dimension, mainly due to its higher exposure to France and Italy, two countries where employment needs are significant compared to the eurozone average. However, the fund underperformed its index in the Quality dimension, due to its higher exposure to the health and technology sectors. Based on our methodology, these two sectors contribute less than the economic average to the inclusion of the most vulnerable workers.



2021 Coverage ratio (weight): 96% – Shared Growth / 83% – EuroStoxx TR
2021 Coverage ratio (number): 98% – Shared Growth / 63% – EuroStoxx TR

The data reported are weighted averages calculated for companies covered by the indicator.

Good Job Rating Coverage ratio by weight (% of assets under management invested): 96%
Good Job Rating Coverage ratio by number (number of stocks with a calculated Good Job Rating divided by the number of stocks in the fund): 98%.

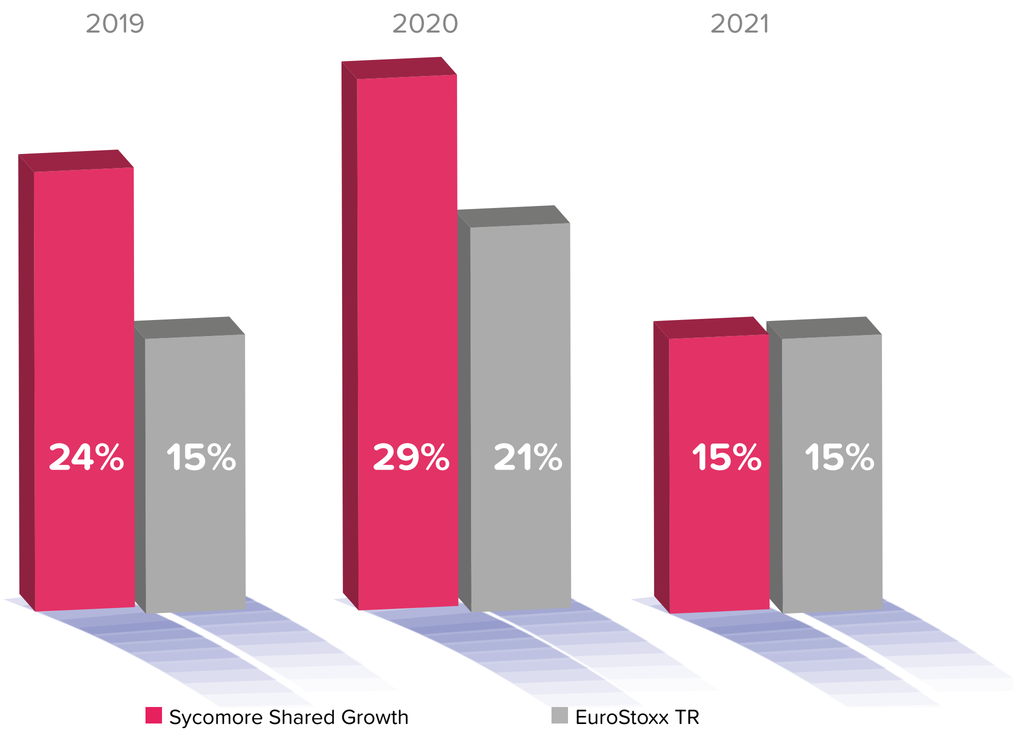
02 the fund's **sustainability indicators**

2.5 **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 2021, the growth in staff numbers at portfolio companies (15%) reflects the strong momentum enjoyed by some of the companies in which we invest. The fund did not significantly outperform its benchmark for this indicator over the period (15.3% for the fund versus 14.9% for the EuroStoxx TR), as it was penalised by its exposure to groups that are currently being restructured (Sanofi, Carrefour).

changes in staff numbers over three years



2021 Coverage ratio (weight): 87% – Shared Growth / 92% – EuroStoxx TR
2021 Coverage ratio (number): 96% – Shared Growth / 87% – EuroStoxx TR

02

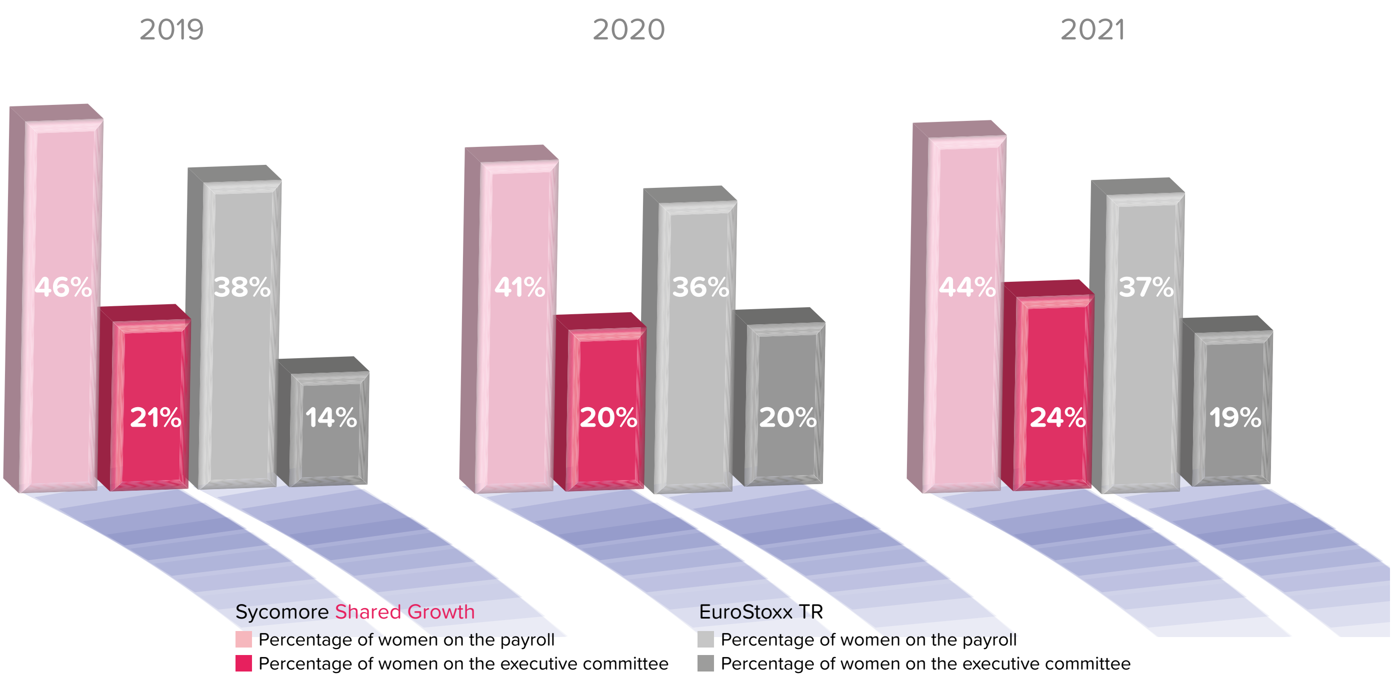
the fund's **sustainability indicators**

2.6 **gender diversity** on executive committees

When looking at governance issues, the difference between the percentage of women on the executive committee and in the total headcount is a meaningful indicator of the company's ability to promote diversity and equal opportunity at all levels of the organisation. Although many companies report on the percentage of women in management positions, these disclosures relate to varying levels in the company hierarchy and the underlying "management" positions often differ from one company to the next. To use more homogeneous data that can be aggregated at fund level, we have selected as our indicator the percentage of women on the executive committee.

In 2021, the percentage of women on executive boards at companies held by Sycomore Shared Growth came to 24%, higher than the percentage reported by the EuroStoxx TR index (19%) and an improvement on its own performance in 2020 (20%). Gender equality remains a key priority of our shareholder engagement. We encourage companies with a lower performance to improve on this point through our voting policy at shareholder meetings, individual dialogue with companies and our involvement in collaborative engagement action through the 30% Club France, which Sycomore AM co-founded with other investors in 2020.

percentage of women on the executive committee



2021 Coverage ratio (weight): 84% (payroll) and 100% (executive) – SSG / 96% and 99% – EuroStoxx TR
2021 Coverage ratio (number): 74% (payroll) and 95% (executive) – SSG / 93% and 98% – EuroStoxx TR

02 the fund's **sustainability indicators**

2.7 **human rights** policies

Human rights are an integral part of promoting the human capital at the heart of a company. Encompassing the rights of employees and more broadly local communities and members of civil society affected by a company's operations or activities, they are important to our approach as a responsible investor.

Corporate engagement on human rights issues can be assessed by looking at whether the company has set up a strategy and implemented a relevant policy. For this, we have selected an indicator provided by Bloomberg, which identifies companies that communicate on the implementation of a human rights policy.

The existence of a human rights policy is not the only factor considered in our analysis. In line with the United Nations Guiding Principles (UNGPs), we also assess a company's respect for human rights by considering its human rights due diligence, key risks, and remedy framework. However, as this information is qualitative, we use the implementation of human rights policies as a measurable and quantifiable factor.

Note that we have not chosen an indicator based on the controversies that affect the company. We consider that the number of controversies is not representative of a company's engagement or of the means deployed in addressing human rights issues. The number of controversies depends on the size of the company and its media exposure, and does not necessarily reflect the procedures implemented with a view to addressing the controversial event. For the Sycomore Shared Growth fund, the indicator measuring the percentage of companies with a formal human rights policy was 79%, lower than for the EuroStoxx index (97%). This is mainly due to the fund's significant investment in small and mid-caps. These 13 companies have an average capitalisation of €340 million.

In keeping with our engagement to support human rights, we wrote and published our own Human Rights Policy in 2020. As part of deploying this policy, in 2021 we worked on improving our human rights analysis framework in SPICE and in 2022 will define an engagement action plan to support companies in our investment universe with the identification, management and mitigation of human rights violations.

02 the fund's **sustainability indicators**

2.8 the **Net Environmental Contribution**

contribution to the ecological

The business model impact is measured using the NEC, which reflects the contribution of products and services to the ecological transition throughout their life cycle. The NEC is the most significant factor in the transition risk rating. It is supplemented with classification information, such as the share of EU Taxonomy-aligned activities or the share of eco-activities under the Greenfin label.

The NEC measures, for each activity, the extent to which a company's business model is compatible with the ecological transition and global warming targets. It ranges on a universal standard scale from -100% for an activity that is highly destructive of natural capital to +100% for activities with a highly positive net environmental impact, providing a clear indicator of the company's responses to the ecological transition and climate. In the middle of the scale, 0% inherently represents the average for the global economy.

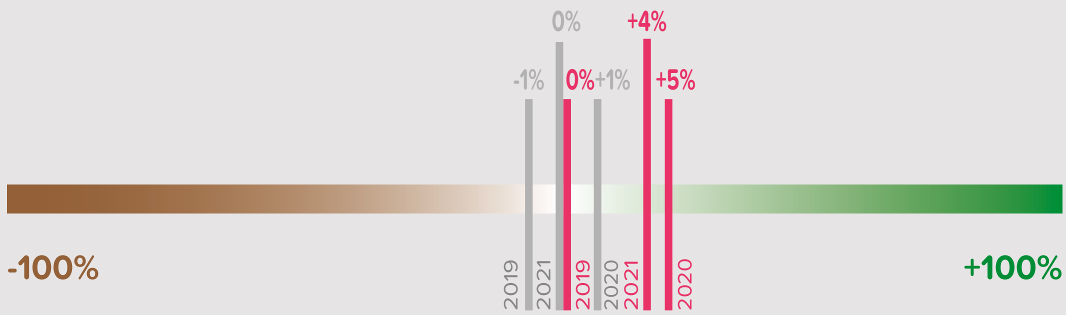
The NEC therefore provides an aggregate measure of transition risks and opportunities and a straightforward impact measurement in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the preliminary work of the Taskforce on Nature-related Financial Disclosures (TNFD).

Its main methodological limitations are set out in the 16 NEC 1.0 methodology handbooks, publicly available on the NEC Initiative website. On average, companies remeasure their NEC every two years.

For more information on the NEC, please visit the NEC Initiative website.

At 31 December 2021, the NEC of the Sycomore Shared Growth fund stood at +4%(12) compared to 0% for the EuroStoxx TR. The NEC was slightly lower than at end-2020 (+5%) and improved from 2019 (0% end-2019). As a positive contribution to the ecological and energy transition is not a key criterion in the fund's selection process, this indicator does not reflect the sustainability performance we aim to achieve. The fund's NEC is likely to remain neutral, at around 0%, in light of the significant weighting of companies with high Societal Contributions, such as healthcare, but that do not play an important part in the ecological and energy transition. However, the relationship between Societal Contribution of Products and Services and environmental contributions is stronger in other business sectors. Portfolio companies with the highest NECs are active in the sustainable transport sector, such as Alstom and Nobina, which contribute to improving air quality – a major environmental and social issue due to its impact on human health.

changes in the fund's NEC compared to that of its index



EuroStoxx TR   Sycomore Shared Growth

2021 Coverage ratio (weight): 100% – SSG / 98% – EuroStoxx TR
2021 Coverage ratio (number): 100% – SSG / 97% – EuroStoxx TR

(12) NEC 1.0 calculated by Sycomore AM on the basis of 2017, 2018, 2019, 2020 or 2021 data.

02 the fund's **sustainability indicators**

2.9 **exposure** to fossil fuels

At end-2021, Sycomore Shared Growth was not invested in any companies active in the fossil fuel industry, within the meaning of the SFDR(13).

2.10 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 is useful and helps to identify and quantify emission reduction levers, a portfolio's aggregate carbon footprint should be used and interpreted with caution as it raises a number of questions:

- Value chains are complex, which makes it difficult to measure greenhouse gas (GHG) emissions throughout the life cycle. Consequently, a portfolio's carbon footprint is at best partial and contains significant biases that make this tool unsuitable for decision-making. Sector composition significantly influences a portfolio's carbon footprint, regardless of its contribution to climate change.
- The carbon footprint does not inherently take into account non-carbon issues. But environmental issues are multi-faceted and interdependent.
- The calculation methodology divides known GHG emissions (absolute carbon footprint) by an economic factor (enterprise value), which reinforces the tool's inadequacy for guiding or reporting on absolute GHG emission reductions at the aggregate portfolio level.

Like carbon intensity, which divides GHG emissions by revenue, this ratio is therefore inadequate for defining a portfolio's decarbonisation or alignment strategy. Nor can it properly identify the main negative environmental impacts, as required by national and European regulations or by TCFD and TNFD recommendations. As a case in point, Sycomore Europe Éco Solutions is our fund with the highest contribution to the ecological and energy transition, as measured by the NEC but it has the highest weighted carbon footprint (see our Sycoway as a Company reports). A fund's carbon footprint primarily reflects its sector and industry mix. In the same way, changes in the carbon footprint of funds with the same sector mix essentially come from market fluctuations, the coverage of aggregated data or the quality of data.

At 31 December 2021, the weighted average carbon footprint of Sycomore Shared Growth – based on Trucost/S&P Global data on the GHG Protocol scope, covering upstream Scopes 1, 2 and 3, and 88% of the fund's weight – was 110 tCO_2e per million euros of enterprise value, as against 210 tCO_2e per million euros of enterprise value for its benchmark index (EuroStoxx TR, 98% coverage by weight).

(13) Exposure calculated based on the weight of portfolio companies identified as exposed to fossil fuels, using Trucost data on the following sectors: exploration, mining, extraction, distribution or refining of hard coal and lignite; exploration, mining, extraction, distribution (including transportation, storage and sale) or refining of oil; exploration, extraction or distribution (including transportation, storage and sale) of natural gas.

03 our **engagement** and **voting** at shareholder meetings

3.1 shareholder **dialogue**

Shareholder engagement is about encouraging companies to improve 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: "Our purpose as an investor is to work towards developing an economy that is both 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," and above all to achieve our overarching goal of measuring and improving the social environmental contribution of our investments.

As detailed in our Shareholder Engagement Policy, shareholder engagement takes place over the life of an investment, in particular:

- In meeting and conducting on-site company visits, which we believe are particularly important aspects of our research effort. Our objective is to gain a deep understanding of the company based on the realities of its operations and the vision of its executives, and to discuss the areas for sustainability improvement identified by our analysts;

- In voting at shareholder meetings and discussing our voting intentions with the companies concerned. We inform them of our voting policy, the best practices we wish to promote, and the identified areas for improvement;

- In dealing with controversies that could invalidate the way in which the company handles sustainability issues. This is an opportunity for discussion to sharpen our analysis of the controversy, assess the company's response and any corrective actions implemented, and propose any areas for improvement;

- In supporting companies to transition away from fossil fuels, through our Exclusion Policy. This involves monitoring and formalising a clear engagement strategy that lays down what we expect from a decarbonisation plan;

- In conducting thematic or collaborative engagement campaigns. These are also opportunities to guide companies in their progress.

03

our **engagement** and **voting** at shareholder meetings

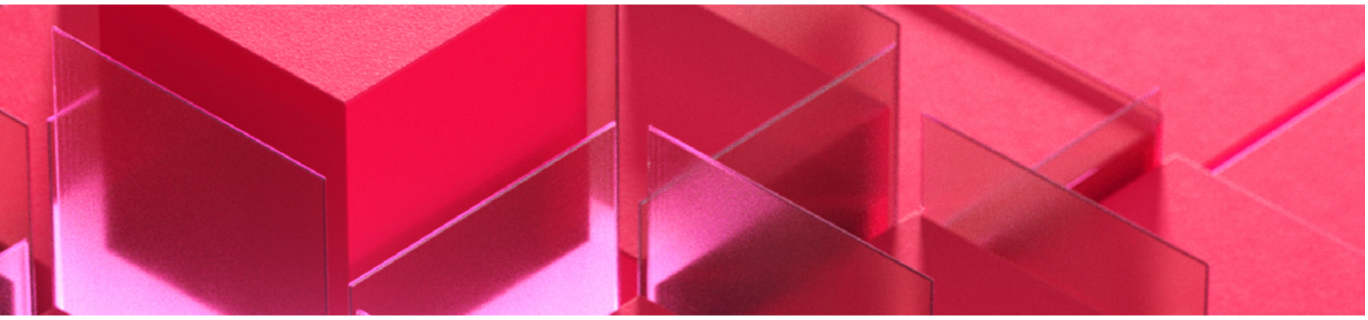
3.1 shareholder **dialogue**

Working from a strategy based on progress, we identify and regularly share best practices on social, environmental, governance and human rights issues with the companies from our investment universe. We encourage companies to approach these issues by articulating concrete paths towards improvement. We also urge them to adopt best practices and improve transparency on the resources implemented and on outcomes.

We regularly collaborate with external experts, including NGOs, investor coalitions, trade unions, and former employees and managers. For our engagement work to remain effective, we need the perspective of the company's stakeholders to assess whether the response and actions, if any, are appropriate. Some topics also require specific sector, geographical or scientific expertise.

We firmly believe in the power of collaborative action and, as such, are a member of the Principles for Responsible Investment (PRI), the Forum pour l'Investissement Responsable's (FIR) Dialogue and Engagement Forum, the Investor Alliance on Human Rights, the FAIRR (Farm Animal Investment Risk & Return) Initiative, and the investor group supporting the Access to Medicine foundation – initiatives we take part in via collaborative engagement actions, some of which are described in more detail below. From an environmental perspective, we are the creators of the NEC Initiative, member of the IIGCC and the CDP and signatory of Climate Action 100+, to drive improvements in corporate practices and expertise in terms of environmental investments. On social issues, we have been a member of the Human Capital Management Coalition since 2016 and the Workforce Disclosure Initiative since 2018, two investor groups advocating the development of corporate social reporting practices. In 2020, we took part in the creation of the French arm of the 30% Club Investor Group, which aims to promote gender diversity at all levels and, in particular, within executive management teams.

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



03 our **engagement** and **voting** at shareholder meetings

3.2 our **engagement**

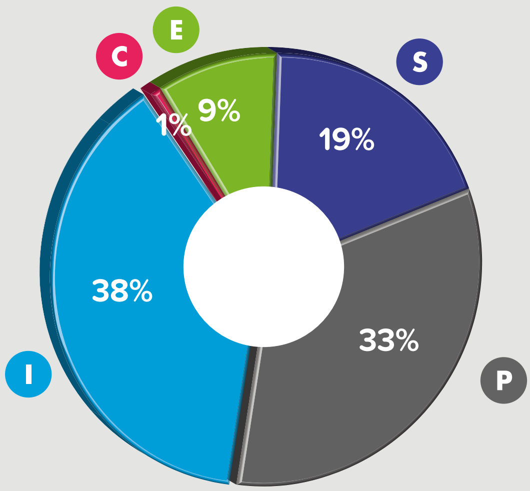
In 2021, we formally engaged with 26 portfolio companies (21 in 2020 and 29 in 2019), having identified 93 new areas for improvement during the year (37 in 2020 and 81 in 2019). We also monitored the advancement of 23 portfolio companies on 61 areas for improvement submitted in previous years. On 46% of these points, we noted partial progress or achievement of the target.

Out of the shareholder engagement initiatives taken in 2021, 18 concerned societal issues and responsible supply chain management (pillar S of the SPICE analysis). The issues most frequently raised involved the societal contribution of products and services, employment, human rights, business ethics and responsible tax policy, which are key focuses of the selection process for Sycomore Shared Growth.

A total of 31 areas for improvement concerned human capital management within portfolio companies. Most of the dialogue aimed to improve gender diversity at all levels of the organisation, including our membership in the 30% Club, which promotes at least 30% representation for the under-represented gender on the executive committees of SBF 120 companies. Employee training was another recurring topic in our dialogue with shareholders.

Another 35 areas for improvement directly concerned corporate governance (pillar I of the SPICE analysis). These engagement initiatives frequently take place ahead of the shareholder meetings – a period suited to holding these discussions with companies. The main issues raised included executive compensation, especially the transparency of compensation reports and the alignment of compensation criteria with non-financial performance and the interests of all stakeholders, and the structure, procedures and practices of the Board of Directors.

breakdown of our areas of engagement by stakeholder



The list of companies in the Sycomore Shared Growth portfolio with which we engaged in dialogue in 2021 is available in Appendix 2.

03 our **engagement** and **voting** at shareholder meetings

3.2 our **engagement**

progress in our dialogue with

KORIAN and ORPEA

The retirement home sector meets the essential and rapidly growing social need for long-term care, for which there are no alternatives. We therefore believe that engagement is a more effective driver to improve practices than automatic sector-based exclusion. Sycomore Sélection Crédit is therefore a shareholder and bondholder of Korian and Orpea, with a bigger exposure to Korian due to the social improvements that we have observed since our dialogue with the group began in 2017 (see our Responsible Investor Reports for Sycomore Shared Growth 2019, p. 16-17, and Sycomore Sélection Midcap 2020, p. 14).

collaborative engagement initiative

with Investor Initiative for Responsible Care

In addition to its active individual dialogue with Korian, in March 2021 Sycomore AM co-founded with BMO Global AM, Ethos Foundation, PIRC and the global union federation UNI Global Union the collaborative shareholder engagement coalition Investor Initiative for Responsible Care. Through this international initiative and beyond the financial ecosystem, Sycomore AM aims to contribute to:

- **Raising awareness:** Social issues should be a central focus of dialogue between corporations and investors in the sector. The Initiative was launched with the publication of a statement signed by more than 100 investors. This statement summarises our shared expectations to improve quality of care and working conditions. In October 2021, the coalition teamed up with the FIR to organise an investor webinar with speakers including sector employees and a specialised researcher with the OECD.
- **Creating tools:** To address the lack of common quality social standards, a major obstacle to measuring the performance of sector companies, the Initiative developed a set of key indicators to serve as a basis for the group's dialogue with companies. This grid was built from the input of UNI Global Union and a network of organisations for the elderly, including indicators that are not commonly disclosed today.
- **Promoting shareholder engagement:** Sycomore AM coordinates the coalition's dialogue with Korian and Orpea. A summary of these discussions is provided below.

03 our **engagement** and **voting** at shareholder meetings

3.2 our **engagement**

The publication of Victor Castanet's book Les Fossoyeurs ("The Gravediggers") sent an unprecedented shockwave in France within the eldercare sector and well beyond it. With the serious violations revealed within Orpea group through the investigative journalism and government ordered inspections, the book has reignited the crucial debate on the structural challenges threatening social standards in the sector, such as the shortage of skilled workers, the financing of dependent care, the monitoring tools used by supervisory authorities, and the lack of official quality guidelines. **Sycomore decided to sell all of its Orpea shares after the book was published, due to the serious, substantiated accusations it contained and because, under the circumstances, we could not guarantee our clients a reliable assessment of the company.** Since then, we have continued our dialogue with both groups. Our aim is to contribute to the transformation of the sector by introducing governance models that are more stakeholder-centric and geared towards social performance, and to enhance transparency with the public.

Our investor group met twice with Orpea group in 2021. At our first meeting, attended by the group's Quality and CSR Directors, we asked for clarification on its strategy regarding our areas of action (staffing levels, health and safety, wages and contracts, freedom of association and collective bargaining, quality of care). Our second meeting, with the Head of Social Affairs and France's Director of Human Resources, was held to discuss social dialogue within the group. Several highly publicised protests between the group and workers involving trade union rights in Eastern Europe and Germany alerted us to this issue. These meetings gave us the opportunity to submit requests involving both governance (amount of resources allocated to social targets, developing board members' non-financial expertise, collaboration with international trade union federations in line with the group's growing exposure outside France and Europe, etc.) and transparency (alignment of staffing levels with regulations, geographical granularity in social reporting, disclosure of the number of disputes between the group and its workers, etc.). Following the release of the inspection reports ordered by the French government in April 2022, which provide concrete information on the deficiencies where investors can take action, we hope to pursue our dialogue with Orpea. Due to its leading position in the private sector, its transformation is vital to rebuilding trust in the sector as a whole. We want to lay the groundwork for a deep reform in the group's governance and culture, which we believe is the first step towards improving its social standards.

our **engagement** and **voting** at shareholder meetings

3.2 our **engagement**

Although not directly implicated, the Korian group has clearly been significantly impacted by the controversy. In February, it announced its plans to propose adopting B corp status at its General Meeting of shareholders in June 2023, and in March its first employee share ownership plan, open to all employees. These decisions are in keeping with the "in caring hands" corporate project launched in 2019. Its 15 quantified CSR commitments include setting up stakeholder councils in each country by 2023 (currently four, including one in France since October 2019). These councils could take on the role of intermediary, working closely with local stakeholders towards creating the future mission committee. The dialogue initiated in 2021 between the investor group and Korian, based on the list of 20 social indicators that we would like to see disclosed by sector companies, continued at the beginning of 2022 with meetings with Sophie Boissard (Chief Executive Officer), Jean-Pierre Duprieu (Chair of the Board of Directors) and Anne Ramon (director representing Malakoff Humanis on the Board of Directors and Chair of its Ethics, Quality & CSR Committee). The group's management was transparent and attentive during these discussions, particularly towards our proposals on the composition of the future mission committee and its interaction with the other governance bodies, the development of the Board of Directors' social expertise, and the disclosure of indicators that we believe are priorities for restoring trust. Our aim for this dialogue in 2022 is to actively contribute to establishing an ambitious governance structure for the mission. We therefore support the Board's proposal to appoint Philippe Lévêque, former CEO of CARE France, as an independent director at the next General Meeting, a first step towards developing the Board's expertise on social issues and coordinating multiple stakeholder groups.

3.2 our **engagement**

focus on our **support**

access to medicine FOUNDATION

In 2019, Sycomore AM joined the investor group supporting the Access to Medicine Foundation[14].

The foundation's mission is to stimulate and guide pharmaceutical companies to do more to provide access to medicine and healthcare in low- and middle-income countries. Below we describe the key areas in which we are working together.

The power of science to help humanity – whether through new vaccines for common pathogens or novel drugs for rare diseases – is remarkable. But these breakthroughs will only truly deliver for the world if they reach all who need them.

Jayasree K. Iyer, Executive Director, Access to Medicine Foundation

integration into analysis

The Access to Medicine Foundation conducts extensive research on the efforts of 20 of the world's largest pharmaceutical companies, which is compiled into the Access to Medicine Index. This benchmark ranking reports on the progress, best practice and areas of action needed to provide access to essential care for people in 106 low- and middle-income countries, representing 77% of the world population. Companies are assessed on all key access-to-care metrics, including their consideration for the needs of low- and middle-income countries in R&D strategy, their commitment to launching medicines to market in countries that need them and not just countries with the most attractive markets, appropriate pricing strategies, and initiatives to overcome persistent barriers to access on the ground, such as training healthcare workers or improving infrastructure and delivery systems.

To determine the Societal Contribution of these groups' products and services, we integrate qualitative research from the Access to Medicine Foundation at different levels in our SPICE analysis of pharmaceutical companies (namely for corporate citizenship) and use the foundation's quantitative data, such as the percentage of the product portfolio covered by equitable pricing strategies and the share of pipeline targeting health priorities in developing countries.

(14) The Access to Medicine Foundation is an independent, non-profit organisation funded by the UK and Dutch governments, the Bill & Melinda Gates Foundation, the Leona M. and Harry B. Helmsley Charitable Trust, AXA Investment Managers and Wellcome Trust.

3.2 our **engagement**

engagement actions

One of the aims of our dialogue with the large pharmaceutical groups in the portfolio is to encourage them to improve on the individual and industry-wide areas for improvement identified in the Access to Medicine Index. We try to achieve that through several forms of engagement: individual dialogue with companies (see focus on dialogue with Sanofi below), discussions held by other investors as part of the foundation's collaborative engagement actions, and signing of open letters coordinated by the foundation or investors that are group members. In 2021, we supported an initial open letter(15) urging all stakeholders to take action to support equitable access to vaccines, diagnostics and therapeutics in order to fight the epidemic through the Access to COVID-19 Tools (ACT) Accelerator, and another letter addressed directly to pharmaceutical companies producing COVID-19 vaccines, asking them to include the WHO targets on access to vaccines in low- and middle-income countries in their executive compensation targets. We are continuing our dialogue with Astrazeneca on this issue in 2022, as the company has responded to the letter by clarifying its efforts to meet WHO targets, but has not yet formally included them in management's targets.

focus on the **progress** of our dialogue with

SANOFI

In February, we participated in an event organised by the Access to Medicine (ATM) Foundation and Goldman Sachs, where we met with Sanofi's Head of Corporate Social Responsibility Coordination and Reporting and two managers from its Global Health Unit, which was recently created to accelerate access to the group's products in the lowest-income countries.

Sanofi ranks fifth in the 2021 ranking of the Access to Medicine Index (out of 20 companies), up two spots from the previous ranking. Sanofi's new Corporate Social Responsibility strategy unveiled at the end of 2020 features an ambitious section on access issues. The strategy includes the creation of a unit (Global Health) designed to improve access to essential medicines in 40 of the world's lowest-income countries. Needs are even more significant in these countries as most access initiatives from pharmaceutical companies focus on middle-income countries (according to the World Bank's classification). The second innovation is the unit's self-sustained non-profit model, which invests in programmes to strengthen local healthcare systems. The group has also pledged to continue its efforts to systematically address access issues in developing therapies, starting with phase II clinical trials whenever possible, so that they are available in the lowest-income countries within two years of their approval in the United States.

(15) Global Investor Statement in support of an effective, fair and equitable response to COVID-19, February 2021.

our **engagement** and **voting** at shareholder meetings

3.2 our **engagement**

Our discussions with Sanofi focused on the areas for improvement identified by the ATM Index. Regarding the remuneration of sales staff, the best industry practice is to replace individual sales targets with collective targets and to include qualitative indicators that measure the quality of information provided to healthcare workers in order to limit ethics risks. Sanofi has maintained individual sales targets for most of its employees, but has significantly reduced the variable portion of compensation, making up for the gap by increasing their fixed pay. Qualitative indicators are also measured through sales meeting audits and surveys sent to the healthcare workers visited, although more specific communication would be helpful on the way that these criteria impact variable pay.

Another area for improvement identified is the group's initiatives to extend access to insulin from emerging countries to the lowest-income countries. Sanofi acknowledges that this is a priority and has launched pilot programmes in Kenya and Mali to improve patient care holistically (support in setting up private insurance or the reimbursement of treatment costs by the local healthcare system). As these programmes address structural issues, partnerships with other pharmaceutical companies are needed to bring about sustainable results.

During the year, we also approached Sanofi on multiple occasions to discuss how the company handles restructuring and the resulting psychosocial risks. In light of the group's many reorganisations over the last ten years – the most recent of which involved 1,700 job cuts by 2022 – and the alerts issued by trade unions in France on labour relations and its impact on employees' mental health at certain sites, we have been in dialogue with the group since 2020 to improve transparency on the support it has provided and visibility on the outcomes of these reorganisations. The arrival of Paul Hudson as Chief Executive Officer has brought with it structural and cultural transformations. As such, we believe that labour relations should be a visible priority for management and a key issue in the group's communication with its shareholders.

Since our dialogue began, Sanofi appears to have improved its psychosocial risk prevention programme: a specific employee survey was conducted at all French sites jointly with labour representatives; a dedicated function has been created within the French HR department; and compulsory risk prevention training was introduced for all French managers. Statistics on the level of perceived stress, collected by the occupational medicine services, are analysed quarterly by a working group that includes labour representatives. But these statistics are not disclosed.

We are continuing our dialogue in 2022, based on the list of recommendations for data and information that we have submitted to the group. If published, this information would, in our opinion, improve visibility for management and be a step forward in labour relations.

(15) Global Investor Statement in support of an effective, fair and equitable response to COVID-19, February 2021.

03

our **engagement** and **voting** at shareholder meetings

3.3 our **voting**

We actively vote at shareholder meetings of all portfolio companies. In 2021, we voted at 99% of shareholder meetings where we had voting rights:

03 our **engagement** and **voting** at shareholder meetings

3.3 our **voting**

Resolutions on executive compensation were widely opposed in both 2021 and 2020 (39% of dissenting votes in 2021 versus 45% in 2020). Our main grounds for rejecting these resolutions were:

- Insufficient transparency or requirement levels for performance criteria (type of criteria, weightings, measurement and disclosure of target achievement rates);
- Long-term compensation plans with a short-term focus, based on performance periods of less than three years;
- Lack of moderation (unjustified pay rises or amounts that exceed the social acceptability threshold as defined by Sycomore AM).

In 2021, our dialogue with companies on issues of executive compensation – held ahead of shareholder meetings – covered the following key points:

- For the first time in 2020, most shareholders in European Union Member States integrated the latest requirements on compensation oversight in the EU's Shareholder Rights Directive II. This legislation entitles shareholders to vote on executive and non-executive director compensation (say on pay) at general meetings, both in terms of overall policy and amounts actually awarded or paid during the previous financial year. We have noted since then a positive trend towards stepping up dialogue between companies and shareholders at an earlier stage before the general meeting, which means that the main grounds for opposition can be identified and addressed before the vote.

- The directive has also, since 2020, required companies to publish a ratio that compares their chief executive compensation with median and/or average employee compensation over the last five years (CEO pay ratio).

However, most companies publish a ratio that only covers a limited scope, which does not always accurately represent the workforce at group level. This makes it difficult to compare data between companies. For several years now, in our Voting Policy, we have recommended that companies disclose this ratio, to ensure that the concepts of moderation and fair pay are better integrated into executive remuneration policies. During our meetings, we insisted on the importance of scope but also questioned companies on how this ratio is used within the company itself and especially by the board of directors. Companies have provided very little information on the way the ratio – and any changes in it – have influenced decisions on executive compensation.

While compensation reports now tend to be more transparent, we remain particularly attentive to the accuracy and relevance of qualitative criteria and especially non-financial criteria that are gradually becoming more widely used. These criteria often remain imprecise and are significantly less stringent than financial criteria.

shareholder resolutions

In 2021, three resolutions were submitted to the shareholders for vote at the General Meetings of portfolio companies. All three involved governance issues. Our policy is to support shareholder resolutions that encourage companies to improve their environmental, social and governance practices, as long as they are aligned with our engagement policy. These resolutions are analysed on a case-by-case basis to confirm that they are relevant as well as specific and well-founded enough to have a real impact, without being too prescriptive. Shareholders are not meant to supplant directors or managers. In application of this policy, we supported one of these three resolutions, for a support rate of 33%.

The resolution supported was in the context of tension between two groups of family shareholders at Seb. The Federactive shareholder group, which at the time held approximately 9% of the capital and 12% of the voting rights, was in favour of opening up the group's governance outside the founding family. In May 2021, it announced that it wanted to be represented on the board by a director chosen from outside the family, thus breaking with the procedure of other groups of family shareholders (concerted family shareholders made up of Venelle Investissement, Généraction and HRC, which at the time owned approximately 32% of the capital). This tension culminated in the Annual General Meeting of 6 August 2021, when the Board of Directors proposed to the shareholders to revoke Federactive's mandate as director. Under these circumstances, we supported Federactive, as we felt that its actions would lead to greater independence and professionalism in the group's governance, in the interest of all shareholders, especially minority shareholders. We therefore voted against the dismissal of Federactive and supported the parallel resolution filed by Federactive to keep its Chairman Pascal Girardot on the Board. However, 67% of the shareholders voted in favour of the revocation of Federactive's mandate as director. At the same time, 71.5% of shareholder votes opposed the resolution submitted by Federactive.

Our Voting Policy and our 2021 Proxy Voting Report are available on our website. Detailed information on our votes is available online the day following the shareholder meeting.

04 exposure to the UN's **Sustainable Development Goals**

As explained in chapter 1, the Sycomore Shared Growth fund's objective is to invest in companies providing solutions to major social challenges, in keeping with the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015.

Below is a graph showing the exposure of portfolio companies to the 17 SDGs, and more specifically to the 169 underlying targets. By exposure, we mean the opportunity for each company to contribute positively to the SDGs through the products and services it offers. This undertaking is not designed to measure the effective contribution of companies to the SDGs – these are assessed by our net Societal Contribution (SC) and Environmental Contribution (NEC) metrics, used to select companies for the portfolio (results are presented in chapter 2).

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

In addition to "linking up" companies with the targets they are exposed to through their activities, we feel it is important to differentiate between companies based on their potential contribution, by looking at how their current portfolio of products and services is effectively positioned. Put simply, the more the products, services and beneficiaries are aligned with those targeted by the SDG, the higher the degree of alignment: high, moderate or low. This analysis is qualitative and draws from information at our disposal, partly thanks to the data we collect when assessing the net societal and environmental contributions (SC and NEC).

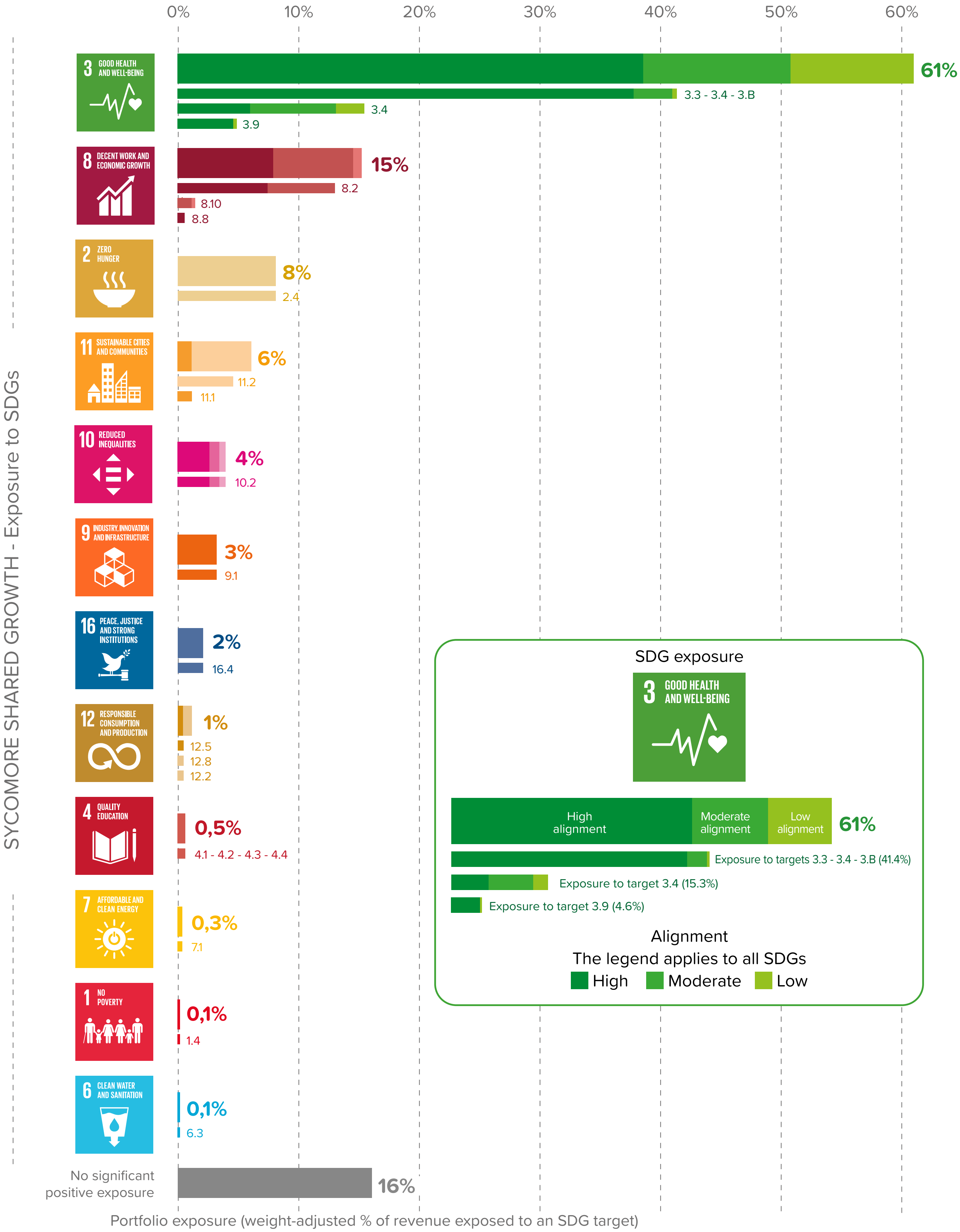
We have also identified activities, which according to our analysis, have no significant positive exposure to the SDGs.

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

SUSTAINABLE DEVELOPMENT GOALS

Sycomore Shared Growth - Exposure to SDGs

This methodology is used to present the exposure of portfolio companies to the Sustainable Development Goals as follows:

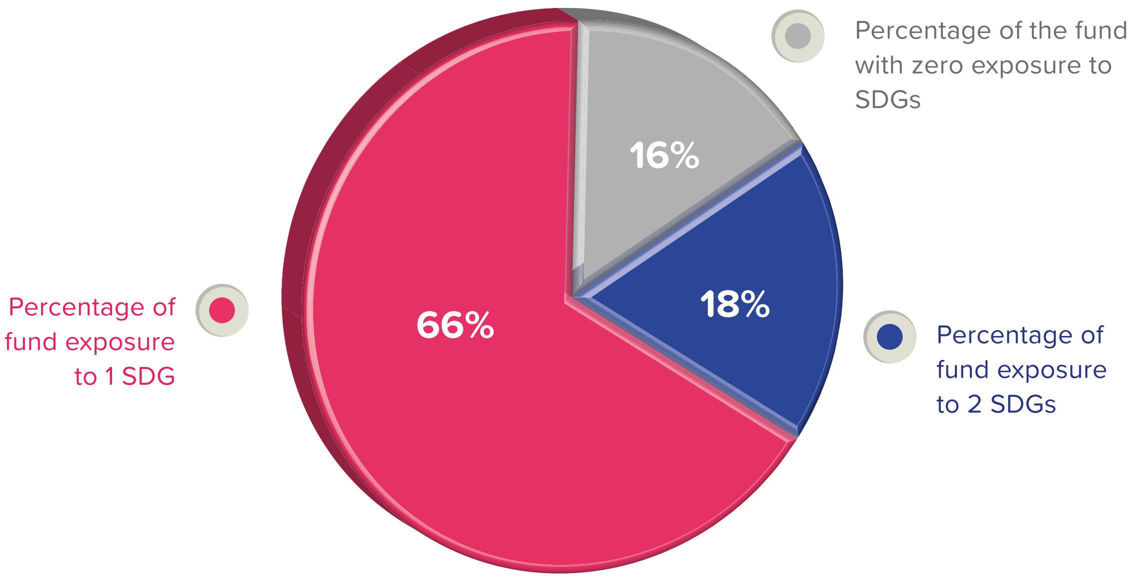


In other words: if a company generates 100% of its revenue from the manufacture of wind turbines and weighs 0.5% of the equity component of the portfolio, its exposure will be 0.5% for target 7.2.

04 exposure to the UN's **Sustainable Development Goals**

As shown previously, the methodology used to measure the portfolio's exposure to the SDGs also enables us to assess – for a single activity and therefore for the same euro of revenue – the fund's exposure to one or more SDGs. Therefore, to gain a clearer understanding of the portfolio's exposure to the SDGs, the following graph shows the fund's percentage exposure to one or more SDGs, and the percentage of the fund with zero exposure, but a potential positive contribution, based on our analysis.

exposure of Sycomore Shared Growth to zero, one or more SDGs



Sources: Sycomore AM, data as at 31 December 2021, as a weight-adjusted percentage of revenue exposed to a given target within the equity component of the portfolio. Detailed information on the 169 targets that make up the UN's 17 Sustainable Development Goals is available here: www.un.org/sustainabledevelopment/

04

exposure of sycomore **shared growth**

3 GOOD HEALTH AND WELL-BEING

In line with its theme, the fund is highly exposed to SDG 3 “Ensure healthy lives and promote well-being for all at all ages” through investments in the healthcare sector, including the pharmaceutical industry (laboratories and biotech), medical equipment, personal care services, and companies supporting the digital transformation of healthcare such as Nexus and Pharmagest. Exposure to SDG 3 is also significant in the food and ingredients sector (represented in the portfolio by Danone, Kerry and DSM), given the importance of diet for good health.

8 DECENT WORK AND ECONOMIC GROWTH

Exposure to SDG 8 “Promote sustained, inclusive and sustainable growth, full and productive employment and decent work for all” is related to investments in companies that provide digital services, such as SAP and Nexi, which can therefore potentially contribute to target 8.2 “Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors”, and companies that provide banking or insurance services, such as Crédit Agricole and AXA, to which access for all is part of target 8.10, and services that contribute to workplace safety (promoted by target 8.8) with Bureau Veritas.

Lastly, 16% of the portfolio is made up of business activities with no exposure to an SDG to which it makes a significant positive contribution.

appendix 1

inventory of **companies invested in** by the **sycomore shared growth** fund at 31 December 2021

Company name	% exposure
SANOFI	7.8%
AIR LIQUIDE SA	6.0%
ASTRAZENECA PLC	5.2%
KERRY GROUP PLC-A	4.3%
QIAGEN N.V.	4.2%
SAP SE	3.6%
KORIAN	3.6%
SYNLAB AG	3.1%
ALSTOM	2.9%
ORANGE	2.6%
CARREFOUR SA	2.4%
KONINKLIJKE PHILIPS NV	2.1%
NEXI SPA	1.9%
GRIFOLS SA - B	1.7%
GN STORE NORD A/S	1.7%
POSTE ITALIANE SPA	1.5%
FILA SPA	1.5%
BIOMERIEUX	1,5%
LINDE PLC	1.4%
PHARMAGEST INTERACTIVE	1.3%
DANONE	1.3%
DRAEGERWERK AG - PREF	1.2%
ABIVAX SA	1.2%
SOL SPA	1.1%

Company name	% exposure
NOBINA AB	1.1%
ALMIRALL SA	1.1%
CANCOM SE	1.0%
VONOVIA SE	1.0%
CORBION NV	1.0%
MEDIOS AG	0.9%
FAGRON	0.9%
SEB SA	0.9%
UNIFIEDPOST GROUP SA	0.9%
VAM INVESTMENTS SPAC BV	0.9%
TECHNOGYM SPA	0.8%
CONVATEC GROUP PLC	0.8%
BELIEVE SA	0.7%
GENSIGHT BIOLOGICS SA	0.6%
STRATEC SE	0.6%
SARANTIS SA	0.6%
MERCK KGAA	0.6%
MEDINCELL SA	0.6%
KONINKLIJKE DSM NV	0.6%
NOVARTIS AG-REG	0.6%
NEXUS AG	0.5%
TINEXTA SPA	0.5%
NIGHTINGALE HEALTH OYJ	0.5%
APONTIS PHARMA AG	0.5%
CARBIOS	0.4%

appendix 1

Company name	% exposure
BUREAU VERITAS SA	0.4%
BIOCARTIS GROUP NV	0.4%
ESKER SA	0.4%
VA-Q-TEC AG	0.4%
DERMAPHARM HOLDING SE	0.4%
S&T AG	0.3%
MISTER SPEX SE	0.3%
SENSORION SA	0.3%
ODYSSEY ACQUISITION SA-A	0.3%
INNATE PHARMA SA	0.2%
HOLALUZ-CLIDOM SA	0.2%
GAROFALO HEALTH CARE SPA	0.2%
AS COMPANY SA	0.2%
SODEXO SA	0.2%
SHOP APOTHEKE EUROPE NV	0.1%
MEDICA SPA	0.1%
ASA INTERNATIONAL GROUP PLC	0.1%
CYAN AG	0.02%

appendix 2

List of companies within the Sycomore **shared growth**[16] fund to which we recommended improvements in 2021

Company	Society & Suppliers	People	Investors	Clients	Environment
Air Liquide					1
AstraZeneca	3	2			
Bureau Veritas		1			
Carrefour		1	3		
Convatec		1	2		
Danone			8		
DSM			1		
EDP Renovaveis	1				
EssilorLuxottica		1	4		1
Fielmann	2	2	3		2
Grifols	2		2		
Kerry		3	1		
Korian	1	4	2	1	1
Nexi SpA		1	1		
Nobina AB					2
Novartis	2				
Rovi	1	5			
Sanofi			2		
SAP			2		
Seb	3				
Sodexo			1		
Symrise AG	1	6			
Synlab		2			
Technogym			1		
Unifiedpost Group SA	1	1			
Veolia	1	1	2		1

(16) NB: Some of these companies may have featured in the portfolio during 2021 but were no longer held as of 31 December 2021.

appendix 3

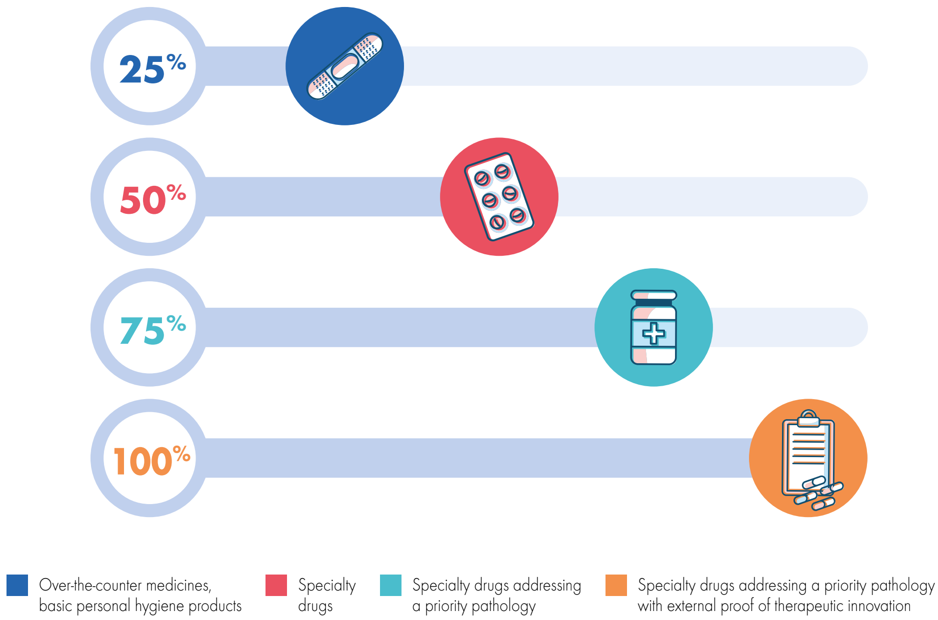
example of societal contribution
in the pharmaceutical industry

pharmaceutical industry

- Three types of contribution are considered in the metric:
  - The basic contribution is assigned according to the type of activity. It can range between -100% to +100%, with intermediate increments of 25%.
  - Specific contributions are added to the basic contribution for a more detailed approach. (For example: breakdown of revenue by country, product category, client type, etc.). They can range between -100% to +100%, with intermediate increments of 25%.
  - A bonus/penalty system is applied for contributions that are difficult to quantify or that account for a small percentage of a company's revenue, but that we nevertheless feel are material. The bonus and penalties are set at +10% and -10% respectively.
- The sector contributes to two social issues considered to be material:
  - Therapeutic innovation (in particular targets 3.4 and 3.3).
  - Access to healthcare (in particular targets 3.8 and 3.b).

A brief overview of the calculation methodology used for sector companies is presented below.

- Contribution to therapeutic innovation (Health & Safety pillar)
- A base contribution of +25% for health is allocated to all companies in the industry, along with specific contributions depending on:
  - Prescription and reimbursement procedures (over-the-counter or prescription medications, original brand or generic);
  - Diseases addressed;
  - External evidence of therapeutic innovation.



Source : Sycomore AM.

appendix 3

- The main sources used are:
  - Global Health Estimates from the World Health Organization to define priority therapeutic areas;
  - The databases of the European Medicines Agency (EMA), US Food and Drug Administration (FDA) and Haute Autorité de Santé française (HAS) and to measure the extent of therapeutic innovation.

- Example for a specialised medicine portfolio:

MEDICINE	THERAPEUTIC AREA	MEASURED IMPROVEMENT IN THE MEDICAL SERVICE DELIVERED	% SALES
A	Oncology	High	20%
B	Oncology	Moderate	30%
C	Cardiovascular diseases	Moderate	35%
D	Cardiovascular diseases	Moderate	15%

SOCIETAL CONTRIBUTION OF PRODUCTS AND SERVICES FOR THE HEALTH PILLAR =

20%*100% + 80%*75% = **80%**

- Contribution to access to medicine (Access & Inclusion pillar)
  - A specific contribution of +25% is attributed to the share of revenue generated in developing countries (low- and middle-income countries in the World Bank classification).
  - A specific contribution of +25% is attributed to the share of revenue generated from generic drugs that contribute to reducing the price of medicines.
  - For the large pharmaceutical groups evaluated in the Access to Medicine Index, the indicators used in the ranking, such as the percentage of the product portfolio covered by equitable pricing strategies and the share of pipeline targeting health priorities in developing countries, are integrated as a bonus into the measurement.

appendix 4

example of assessing exposure to SDGs for MERCK KGaA

Merck KGaA is one of the world's leading pharmaceutical and chemical groups.

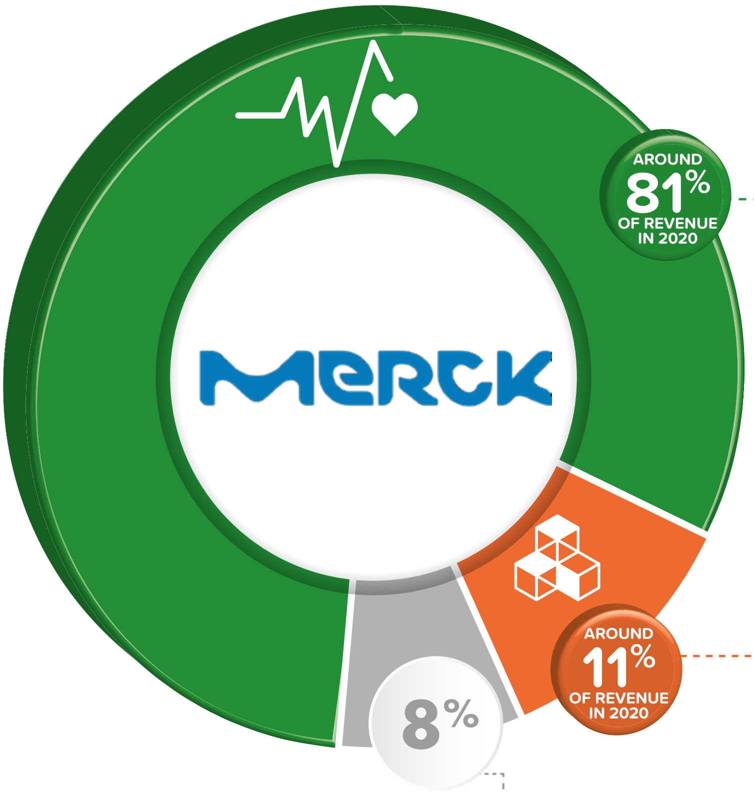
HEALTHCARE AND LIFE SCIENCE

Merck develops and markets a range of treatments in various therapeutic areas (mainly oncology, neurology, immunology, fertility, diabetes, cardiovascular diseases, and endocrinology). The Life Science business supplies products and equipment for scientific research laboratories and for the pharmaceutical and biopharmaceutical industries (lab equipment, software, raw materials, chemical reagents, etc.).

The alignment of the revenue generated by these two divisions with SDG 3 (targets 3.3, 3.4 and 3.B in particular) is assessed as "high".

HEALTHCARE The Healthcare business's product portfolio and R&D primarily targets non-communicable diseases listed as priorities due to their prevalence worldwide (cancers, diabetes, and cardiovascular diseases). Merck generates around 40% of its sales in developing or emerging countries. A large share of its research projects target schistosomiasis, an infectious disease that spreads through water, featuring among the "neglected tropical diseases" recognised by the World Health Organization.

LIFE SCIENCE The Life Science business offers high-added value products that are critical for research, manufacturing, and diagnosis. They notably improve the efficiency and safety of these processes.



3 HEALTHY LIVES & WELL-BEING

3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases.

3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

3.b Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines [...].

ELECTRONICS – SEMICONDUCTORS

Through its Electronics business, Merck provides products and solutions for the semiconductor industry, aimed notably at reducing the size of components and improving their performance. Semiconductors accounted for 56% of the Electronics division's revenue in 2020.

The alignment of this share of the company's revenue with SDG 9 is evaluated as "moderate". Merck's solutions contribute positively to technological progress but the degree of the end contribution varies depending on how Merck's clients use the solutions.

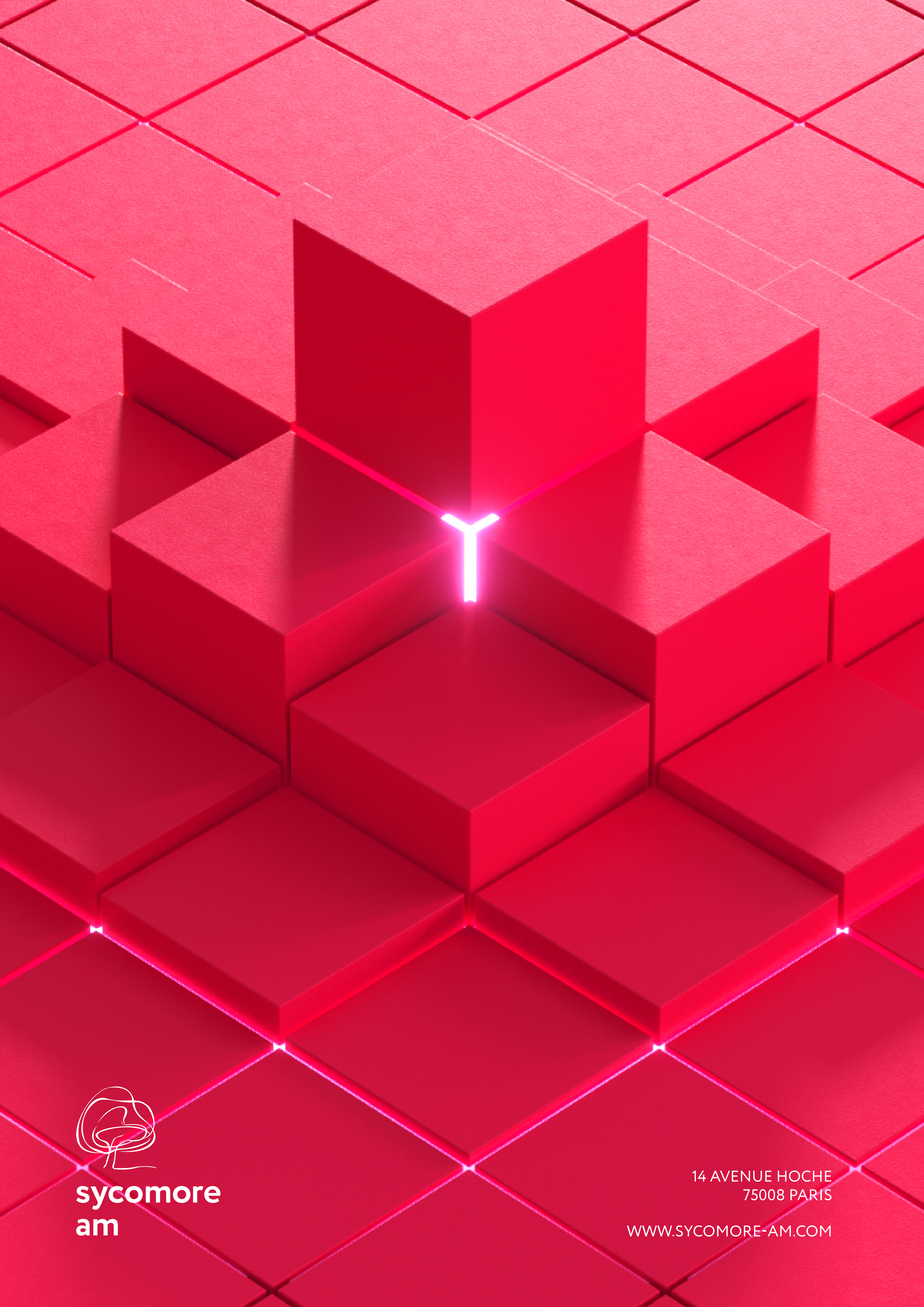
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

The remaining revenue generated by the Electronics business included the sale of performance materials for a range of end uses (display solutions, automotive, cosmetics, pigments, lighting, etc.). Considering the multiple potential applications, we did not assign any exposure to SDGs for this portion of the group's revenue.

ELECTRONICS AND OTHER PRODUCTS
No significant exposure.

The exposure calculated for each company is consolidated at portfolio level and in proportion to its weighting within the equity component of the portfolio.



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