

# SYCOMORE OPPORTUNITIES

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: SYCOMORE OPPORTUNITIES  
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**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

**The EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It made **sustainable investments with an environmental objective**: \_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective**: \_\_\_%

It promoted **Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 41% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

## To what extent were the environmental and/or social characteristics promoted by this financial product met?

As indicated in the prospectus, the Fund aims to achieve a return on invested capital over a minimum recommended investment horizon of five years through a careful selection of European and international equities with binding ESG criteria and an opportunistic and discretionary variation in the portfolio's exposure to equity markets.

The Fund's investment universe is constructed by applying two successive filters, the first relating to ESG risks and the second relating to an ESG opportunity field, so that any invested company cumulatively meets the following conditions:

- **A filter excluding the main ESG risks:** its objective is to exclude any company that presents sustainable development risks. The risks identified include insufficient non-financial practices and performance that could call into question the competitiveness of companies. A company is thus excluded if it is:
  - Involved in activities identified in the Sycomore AM[1] exclusion policy for their controversial social or environmental impacts, or
  - Involved in a level 3/3 controversy[2], or if
  - It obtained a SPICE rating[3] strictly below 2.5/5.
- **A filter for selecting the main ESG opportunities:** Its objective is to favour companies with sustainable development opportunities that meet at least one of the following conditions:
  - Cumulatively:
    - Companies claiming a fundamental transformation strategy in sustainable development (supply of products or services, or changing practices). The Fund's purpose is to support the environmental, social, societal and governance transformation of these companies. The areas for improvement identified by the management company must be met within a maximum period of three years; AND
    - Companies demonstrating a SPICE rating greater than or equal to 2.5/5
  - Companies with a SPICE rating greater than or equal to 3.5/5
  - Companies qualified as sustainable investments within the meaning of SFDR, as explained in this document

**Additionally**, the Fund will invest continuously at least 1% of its net assets in sustainable investments that have either an environmental or social objective.

At the end of the reporting period, the Fund met all of the above criteria, the figures for which are shown on the following page.

[1] SPICE is an acronym for Suppliers & Society, People, Investors, Clients and Environment. This metric assesses companies' performance in terms of sustainability. It integrates the analysis of economic, governance, environmental, social and societal risks and opportunities into the commercial practices and product and service offerings of companies. The analysis framework includes 90 criteria from which a score of 1 to 5 is assigned to each letter of SPICE. These five scores are weighted according to the materiality of the company's impacts. More information (in French) on the metric is available on Sycomore AM's website: <https://fr.sycomore-am.com/documentation-esg?categoryKey=policies>

### ● *How did the sustainability indicators perform?*

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The key sustainability performance metrics in 2024 were as follows:

- Weighted average SPICE rating of 3.6/5 for the portfolio: This performance reflects the fund's exposure to companies associated with ESG practices that are rated above 3/5 (on a scale from 1/5 to 5/5), the minimum threshold for inclusion in the fund's investment universe for long positions,
- Weighted average NEC of 9%, the same level as the average environmental impact generated to perform a given function such as eating, travelling, housing, heating, clothing, etc.
- Social Contribution of +39%, driven by the positive societal impact of key sectors such as healthcare, education and telecommunications

## ... and compared to previous periods?

In 2023, the same indicators applied:

- Weighted average SPICE rating of 3.5/5
- NEC of 9%,
- Social contribution of +25%.

## What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

In addition to the environmental and social characteristics mentioned above promoted by the Fund, environmental and social objectives have been achieved by a portion of the investments. Sustainable investments made by the fund can be identified by a set of indicators, including among others:

- 13% of the portfolio's investments were sustainable investments with an environmental objective: the associated issuers had an NEC<sup>[1]</sup> of 10% or more, thus contributing positively to the energy and ecological transition, and to the mitigation of climate change.
- 28% of the portfolio's investments were sustainable investments with a social objective, meeting at minimum one of these criteria:
  - A Societal Contribution<sup>[2]</sup> of products and services greater than or equal to +30%, and as such contributing positively to the societal challenges identified by the UN Sustainable Development Goals.
  - A Good Job Rating of 55/100 or higher. This metric aims to assess on a scale of 0 to 100 the ability of a company to create sustainable and quality jobs for all, especially in regions where employment issues are present.
  - A Happy at Work Rating, reflective of well-being at work at or above 4.5/5

The above indicators total 41% of sustainable investments.

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<sup>[1]</sup> For each activity, the NEC measures the degree to which the business model contributes to and is compatible with the energy and environmental transition and with the objectives of combating global warming. The NEC ranges from -100% for activities that are highly destructive of natural capital to +100% for activities with a highly positive net environmental impact, and clear responses to environmental transition and climate change.

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It covers five types of impact (climate, waste, biodiversity, water, air quality) in five areas (ecosystems, energy, mobility, construction, production). More information on the metric is available on the NEC Initiative website: <https://nec-initiative.org/>

[2] The Societal Contribution of products and services of a company is a quantitative metric with a range from -100% to +100%, combining the positive and negative societal contributions of the different products and services of a company.

The methodology is based on the societal aspects of the 17 UN Sustainable Development Goals (SDGs) and the 169 targets that make them up. This is a shared road map for both private and public stakeholders up to 2030, in order to create a better, more sustainable future for everyone. It also incorporates macroeconomic and scientific data from public institutions, as well as independent reference sources such as the Access to Medicine Foundation and the Access to Nutrition Initiative. More information (in French) on the metric on Sycomore AM's website:

<https://fr.sycomore-am.com/documentation-esg?categoryKey=strategie>

### ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Four filters are used to avoid significant harm to a sustainable environmental or social investment objective.

Companies to which at least one of the following criteria applies are not considered sustainable investments by the management company:

- Companies covered by the management company's SRI exclusion policy: activities are limited for their controversial social or environmental impacts, as defined and reviewed each year in Sycomore AM's basic policy (applicable to all direct investments of Sycomore AM) and in the Socially Responsible Investment (SRI) policy (applicable to all UCITS funds, mandates and dedicated funds managed according to an SRI strategy) such as: human rights violations, controversial and nuclear weapons, conventional weapons and ammunition, thermal coal, tobacco, pesticides, pornography, carbon-intensive energy production, oil and gas.
- Companies involved in a level 3/3 controversy: identified on the basis of the management company's in-depth analysis of controversies. -3 corresponds to the most significant controversy: these companies are considered to have violated one of the principles of the United Nations Global Compact.
- Companies with a SPICE rating strictly below 3/5: Through its 90 criteria, the SPICE methodology covers all environmental, social and governance issues targeted by the indicators of adverse impacts on sustainability factors listed in the Regulatory Technical Standards. A low score of less than 3/5 indicates poor sustainability performance with at least one type of adverse impact on sustainability factors.
- Companies identified when applying Sycomore AM's Principal Adverse Impact (PAI) Policy: this policy aims to identify more risks to sustainability factors via the principal adverse impact indicators (PAIs[7]) listed in Table 1 of Annex I to Delegated Act 2022/1288. Companies meeting the criteria relating to GHG emissions, biodiversity, water, waste, gender equality, the principles of the United Nations Global Compact or the OECD Guidelines for

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Multinational Enterprises, or controversial weapons, will not be considered 'sustainable' according to the SFDR.

[1] The exclusion policy is available on Sycomore AM's website: <https://fr.sycomore-am.com/documentation-esg?categoryKey=policies>

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

## ***How were the indicators for adverse impacts on sustainability factors taken into account?***

The SPICE methodology covers all environmental, social and governance issues targeted by the indicators of adverse impacts on sustainability factors listed in the Regulatory Technical Standards[1].

The fund has invested exclusively in shares in companies. Of the 46 indicators of adverse impacts applicable to companies (14 indicators of the principal adverse impacts listed in Table 1 of the standard, as well as 32 additional indicators of adverse impacts listed in Table 2 and Table 3 of the standard), 42 indicators are part of the SPICE scope of analysis (23 environmental indicators and 19 social indicators), and 4 indicators are targeted by Sycomore AM's exclusion policy (1 environmental indicator and 3 social indicators).

More specifically, the SPICE fundamental analysis model is an integrated model that provides a holistic view of companies in the investment universe. It has been developed taking into account the OECD Guidelines for Multinational Enterprises. It fully integrates ESG factors to understand how companies manage negative impacts as well as key sustainable opportunities.

For example, reconciliations between adverse impact indicators of the Regulatory Technical Standard and SPICE analysis points include, but are not limited to:

**Society & Suppliers (S):** The Pillar S rating reflects the company's performance vis-à-vis its suppliers and civil society. The analysis concerns the societal contribution of products and services, corporate citizenship, and the subcontracting chain. Among the adverse impact indicators, the lack of a supplier code of conduct, the lack of protection for whistleblowers, the lack of a human rights policy, insufficient due diligence, the risks of human trafficking, child labour or forced labour, severe human rights violations, and risks related to anti-corruption policies, are part of the scope of this Society & Suppliers section.

**People (P):** Pillar P focuses on the company's employees and its human capital management. The analysis of this pillar covers the quality of the integration of employee-related issues, the development of employees and the measurement of employee engagement. Among the adverse impact indicators, the gender pay gap, the lack of parity on the board/supervisory board, the indicators related to workplace accident prevention policies and more broadly health and safety, the lack of grievance mechanisms, the existence of discrimination, or an excessive gap between the remuneration of the CEO and the median remuneration, are part of the scope of the People section.

**Investors (I):** Pillar I focuses on the relationship between companies and their shareholders and bondholders. The rating is determined based on an in-depth analysis of the shareholder and the legal structure of the company, the interactions and the balance of forces between the different actors: management, shareholders and their representatives, directors. The analysis also targets the company's business model and governance. Among the adverse impact indicators, the lack of parity on the board/supervisory board or an excessive gap between the CEO's remuneration and the median remuneration, are also discussed in this section.

**Clients (C):** Pillar C identifies clients as stakeholders in the company and focuses on the quality of the offer made to the client as well as the quality of the client relationship.

**Environment (E):** Pillar E assesses the company's relationship to natural capital, which covers both the management of environmental issues, and the externalities, whether positive or negative, generated by the company's business model. The section specifically dedicated to the environmental footprint of operations takes into account indicators of adverse impacts, including greenhouse gas emissions, energy consumption, air pollution indicators, indicators related to water consumption and pollution, indicators of waste generation, or of damage to biodiversity. The section dedicated to transition risk, for its part, takes into account among the adverse impact indicators, the lack of initiatives to reduce greenhouse gas emissions, or activities in the fossil energy sectors.

**Exclusion policy:** Lastly, Sycomore AM's exclusion policy targets certain additional adverse impact indicators, including controversial weapons, exposure to fossil fuels or the production of chemicals (synthetic chemical pesticides). More generally, this exclusion policy was drafted to target companies that are not compliant with the UN Global Compact and the OECD Guidelines for Multinational Enterprises. Once the analysis (SPICE analysis including the examination of controversies, and review of compliance with the exclusion policy) has been carried out, it affects investment decisions as follows:

- On the one hand and in line with the previous question, the analysis provides protection against possible material prejudice against a sustainable investment objective, excluding companies that do not provide the minimum guarantees;
- The investment file is also affected by the results of the analysis, at two levels:
  - Certain assumptions in the company's financial projections (growth, profitability, liabilities, acquisitions and disposals, etc.) may arise from SPICE analysis results;
  - Certain assumptions in the valuation model are systematically linked to the results of the SPICE analysis.

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[1] [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/sustainability-related-disclosure-financial-services-sector\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/sustainability-related-disclosure-financial-services-sector_en)

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## Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The development of Sycomore AM's SPICE analytical framework, as well as its exclusion policy, was based on the OECD Guidelines for Multinational Enterprises, the United Nations Global Compact, International Labour Organization standards and the United Nations Guiding Principles on Business and Human Rights.

A company's fundamental analysis systematically requires examining its interactions with its stakeholders. This fundamental analysis was built to identify strategic challenges, business models, the quality of management and its level of commitment, and the risks and opportunities facing the company. Sycomore AM also drew up its Human Rights Policy<sup>[1]</sup> in accordance with the United Nations Guiding Principles on Business and Human Rights.

However, due diligence carried out in order to detect possible violations of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cannot guarantee their absence with certainty.

<sup>[1]</sup> Sycomore AM's Human Rights Policy is available here: <https://fr.sycomore-am.com/documentation-esg?categoryKey=policies>

*The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities.

*The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*



## How did this financial product consider principal adverse impacts on sustainability factors?

As specified in the previous subsection, the principal adverse impacts, in the same way as all other indicators of adverse impacts, are considered through SPICE Analysis and its results, supplemented by Sycomore AM's Exclusion Policy.



## What were the top investments of this financial product?

The list includes the investments making up the largest proportion of investments of the

Largest investments	Sector	% of assets	Country
Santander	Financials	3.35	SPAIN
EDP	Utilities	2.86	PORTUGAL
RCI Banque	Consumer Discretionary	0.89	FRANCE

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the list includes the investments making up the largest proportion of investments of the financial product

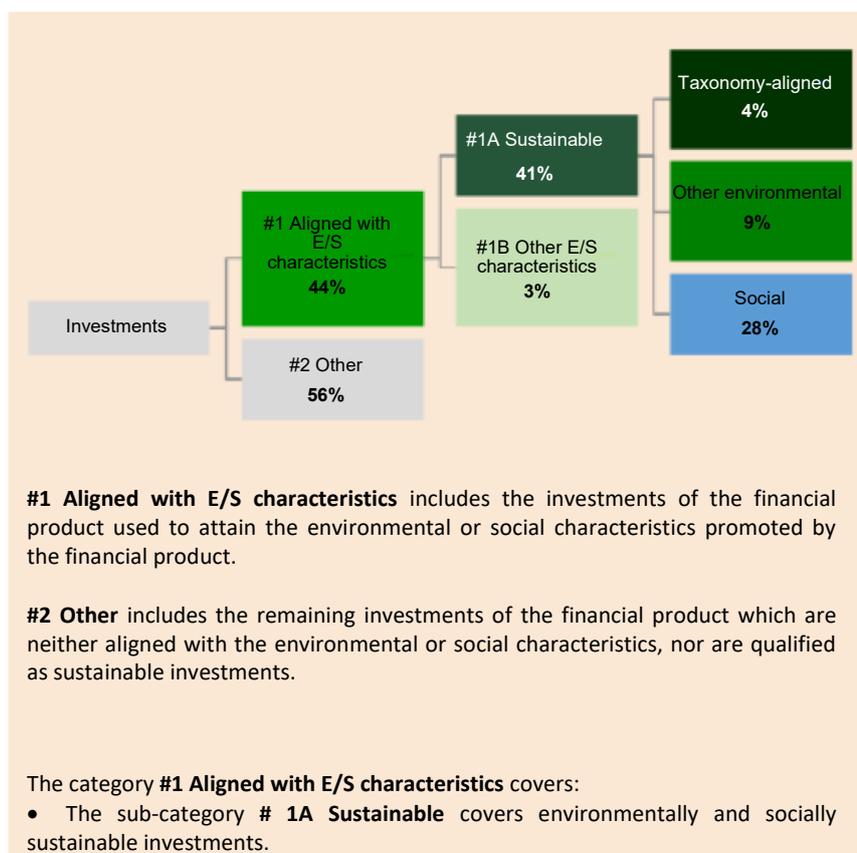
Largest investments	Sector	% of assets	Country
Assa Abloy	Industrials	0.73	SWEDEN
Novartis	Health Care	0.63	SWITZERLAND
Roche	Health Care	0.58	SWITZERLAND
Munich Reinsurance	Financials	0.55	GERMANY
Danone	Consumer Staples	0.50	FRANCE
Intesa Sanpaolo	Financials	0.44	ITALY
Deutsche Telecom	Communication Services	0.40	GERMANY
Vonovia	Real Estate	0.33	NETHERLANDS
Relx	Industrials	0.33	NETHERLANDS
Clean Harbors	Industrials	0.29	UNITED STATES
ASML	Information Technology	0.29	NETHERLANDS



**Asset allocation** describes the share of investments in specific assets.

## What was the proportion of sustainability related investments?

### ● What was the asset allocation?



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- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● **In which economic sectors were the investments made?**

Sector	%
Utilities	3.19
Industrials	2.18
Health Care	1.48
Consumer Discretionary	1.47
Information Technology	1.31
Consumer Staples	0.69
Communication Services	0.60
Real Estate	0.33
Materials	0.21

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.



**To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

● **Did the financial product invest in fossil gas and/or nuclear energy-related activities complying with the EU Taxonomy<sup>1</sup>?**

- Yes:
- In fossil gas       In nuclear energy
- No

1. Fossil gas and/or nuclear-related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

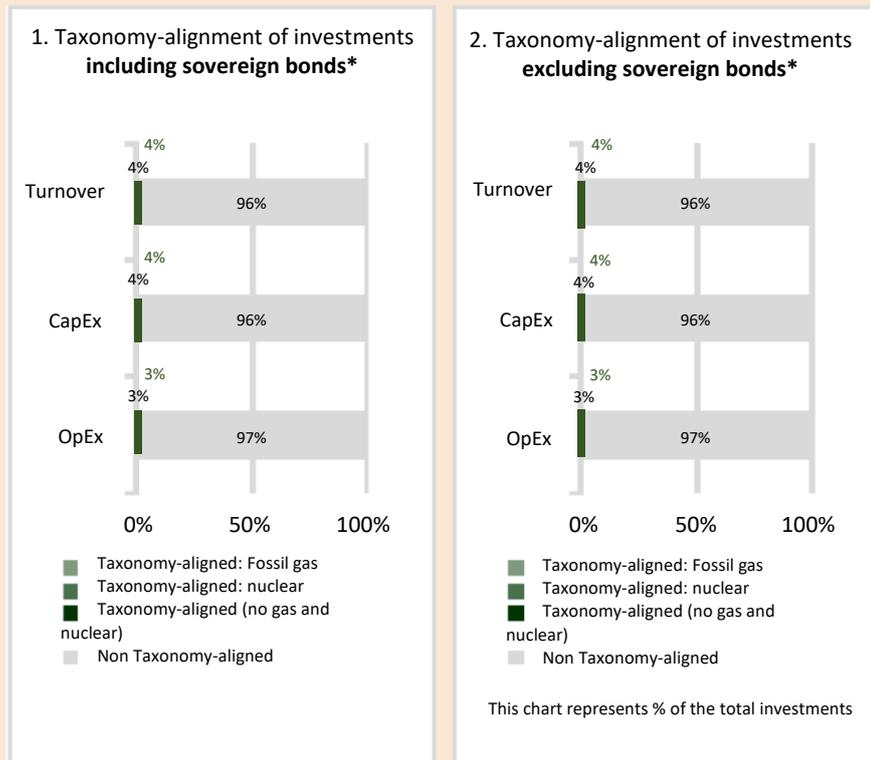
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**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies;
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy;
- **operational expenditures** (OpEx) reflecting green operational activities of investee companies.

*The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What was the share of investments made in transitional and enabling activities?**

The information available at the date of this report does not make it possible to quantify this information.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

The percentage of investments aligned with the EU Taxonomy has decreased from 7% to 4% since the previous financial year.

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The symbol represents sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



## What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

The proportion of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy is 9%.



## What was the share of socially sustainable investments?

As previously indicated, 28% of the portfolio's investments were sustainable investments with a social objective.



## What investments were included under 'other', what was their purpose and were there any minimum environmental or social safeguards?

56% of investments are included in the 'other' category and represent cash and derivatives.



## What actions have been taken to meet the environmental and/or social characteristics during the reference period?

During the life of any investment made by the fund:

- On an *ex ante* basis (before investing in a company): each investment must meet the criteria set by the Fund, including those for filtering out ESG risks and opportunities.
- On an ongoing basis during the holding period and *ex post* (after divestment):
  - The analyses are updated periodically as events related to the company occur. Controversies, for example, are examined on a daily basis. Any event calling into question the company's eligibility for the Fund's investment criteria, or falling within the scope of the exclusion policy applicable to the fund, would generate management acts, which could go as far as complete divestment, in accordance with Sycomore AM's internal procedures.
  - The commitment and exercise of voting rights during the holding of shares also add value in terms of sustainability.

The Fund's engagement consists of:

- Entering into dialogue with investee companies to understand their ESG issues;
- Encouraging companies to disclose their ESG strategies, policies and performance;
- After a controversy, encouraging the company to be transparent and take corrective measures;
- On a case-by-case basis, participating in joint initiatives;
- Through the exercise of voting rights, asking questions, blocking motions, or supporting external resolutions.



## How did this financial product perform compared to the reference benchmark?

This fund has no ESG index.

- **How did the reference benchmark differ from a broad market index?**

This fund has no ESG index.

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

This fund has no ESG index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that it promotes.

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- ***How did this financial product perform compared with the reference benchmark?***

This fund has no ESG index.

- ***How did this financial product perform compared with the broad market index?***

The fund underperformed the broad market index.