

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

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. Social Sustainable investments with an environmental objective are not necessarily Taxonomy-aligned.

Product Name: SYCOMORE SELECTION RESPONSABLE
Legal entity identifier: 9695 005QE0NB97H47I 66
Publication date: 31/12/2024

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> Yes	<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No
<div><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: %</div> <div><input type="checkbox"/> In economic activities that qualify as environmentally sustainable under the EU Taxonomy</div> <div><input type="checkbox"/> In economic activities that do not qualify as environmentally sustainable on the EU Taxonomy</div> <div><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: %</div>	<div><input checked="" type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum of 70% of sustainable investments</div> <div><input type="checkbox"/> With an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div> <div><input checked="" type="checkbox"/> With an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div> <div><input checked="" type="checkbox"/> With a social objective</div> <div><input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</div>



What environmental and/or social characteristics are promoted by this financial product?

As indicated in the prospectus, the Fund, which is classified as 'Eurozone Equities' aims to outperform the Euro Stoxx Total Return index over a minimum investment period of five years, using a socially responsible multi-thematic process in line with the UN Sustainable Development Goals.

The Fund focuses on themes such as energy transition, sustainable resource management, health and protection, nutrition and well-being, digitalisation and communication.

No reference benchmark has been appointed to determine whether this financial product complies with the environmental and/or social criteria it promotes.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The Fund will assess the achievement of each of the environmental or social criteria using the following sustainability indicators, among others:

At the level of the investee companies:

- **SPICE ratings of investee companies:** SPICE (1) stands for Society & Suppliers, People, Investors, Clients, and Environment. This tool assesses the companies' sustainable performance. 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 takes into account a selection of criteria from which a score between 1 and 5 per SPICE letter is obtained. These 5 ratings are weighted such that environmental issues make up 20% (SPICE rating E), social issues make up 40% (SPICE Ratings S, P, & C) and governance issues make up 20% (50% SPICE Rating I).
- **At the societal level: societal contribution (2) of products and services.** The assessment of the societal contribution combines the positive and negative societal contributions of products and services of a company. The methodology is based on the societal aspects of the 17 UN Sustainable Development Goals (SDGs) and their 169 targets.
- **At human capital level:** two indicators relate to SDG 8 ('Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.') and SDGs 3, 4, 5, and 10 for the former:
 - **The Happy@Work rating (3):** the framework provides a comprehensive and objective assessment of the level of well-being at work.
 - **The Good Jobs rating (4)** is a metric that aims to assess, on a scale of 0 to 100, a company's overall ability to create sustainable and quality jobs for all, particularly in areas - countries or regions - where employment is relatively limited and therefore necessary for sustainable and inclusive development.
- **At the environmental level:** The net environmental contribution (NEC) (5). The NEC enables investors to measure to what extent a given business model contributes to the ecological transition. The score is calculated on a scale from -100%, for the activities that are the most damaging to the environment, to +100% for activities providing a strong positive environmental impact. The NEC targets five impact categories (challenges: climate, waste, biodiversity, water, air quality) by business group (areas of contribution: ecosystems, energy, mobility, construction, production).
- **Compliance of investee companies with the Investment Manager's SRI exclusion policy.**
- **Compliance of investee companies with the Investment Manager's controversy review process.**

- Compliance of investee companies with the Investment Manager's PAI policy.

At product level:

- The assessment of the net environmental contribution (NEC);
- Carbon intensity.

(1) Further information is available on the website, whose address can be found at the end of this document

(2) Ibid

(3) Ibid

(4) Ibid

(5) Ibid

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Fund may partially make sustainable investments with a social or environmental objective. Investments are classified as sustainable if they are identified as contributing positively to environmental or social challenges through their products or services or through their practices.

The qualification of a sustainable investment requires 1/the achievement of a minimum score on at least one of the indicators of positive contribution of the definition of sustainable investment established by Sycomore AM, 2/the absence of significant damage, 3/good governance practices. These elements are detailed in Sycomore AM's ESG integration policy.

It should be noted that the Fund undertakes to invest a minimum of 70% of its net assets in underlying assets qualifying as sustainable investments under the terms and conditions set forth herein, whether the investment objective is environmental or social.

● ***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 levels are put in place to prevent sustainable environmental or social objectives from being significantly affected, on an ex ante basis, before any investment decision.

Indeed, investments targeted by one or more of the following criteria will not be considered as sustainable investments:

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.

1. **Compliance of companies held with the Investment Manager's SRI exclusion policy (6):** 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, mandates and dedicated funds managed according to an SRI strategy).
2. **Companies concerned by a level 3/3 controversy (7):** identified based on the Investment Manager's in-depth analysis of controversies. Companies classified as most controversial (-3 on the Sycomore AM scale, from 0 to -3) are considered to be in breach of one of the principles of the United Nations Global Compact.
3. **SPICE rating below 3/5:** 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 lower rating, less than 3/5, indicates a lower sustainability performance on one or more adverse impacts.
4. **According to Sycomore AM's Principal Adverse Impacts (PAI) policy (8):** a PAI policy to identify additional risks of significant impacts on the environmental and social issues covered by the PAI indicators listed in Table 1 of Annex I of the SFDR Regulation is implemented. Companies meeting all the exclusion criteria relating to GHG emissions, biodiversity, water, waste, gender equality, the principles of the United Nations Global Compact/OECD Guidelines for Multinational Enterprises, or controversial weapons, will be declared 'unsustainable'.

(6) Further information is available on the website, whose address can be found at the end of this document

(7) Ibid

(8) Ibid

How have the indicators for adverse impacts on sustainability factors been taken into account?

The adverse impact on sustainability factors involves indicators at two levels:

1. **Solely for sustainable investments:** a PAI policy based directly on the indicators in Table 1 of Annex I and all relevant indicators in Tables 2 and 3.
2. **For all investments in the financial product:** The framework of the SPICE analysis considers all the issues covered by all the indicators of adverse impact on sustainability factors, with the ability to use them to feed into the analysis.

PAI policy: each sustainability factor referred to in Table 1 of Annex I was associated with an exclusion criterion as outlined in the Sycomore AM PAI policy.

SPICE rating:

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.

More specifically, Sycomore AM's 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 adverse impacts as well as key sustainable opportunities using a dual materiality approach. Sycomore AM's PAI policy sets out how the issues covered by the PAI are covered by SPICE.

Exclusion policy: Finally, Sycomore AM's exclusion policy targets indicators of adverse impact on sustainability, including controversial weapons, exposure to the fossil fuel sector, production of chemical pesticides, and more generally, has been drafted to target companies that violate the principles of the United Nations Global Compact and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

Once the analysis (SPICE analysis including the examination of controversies, compliance with the exclusion policy, compliance with the PAI policy) has been carried out, it affects investment decisions as follows:

- As mentioned in the previous question, it offers protection against material damage to any sustainable investment objective, excluding companies that do not meet minimum safeguard requirements;
- It also has an impact on investment decisions in two ways: 1. assumptions related to the company's outlook (growth and profitability forecasts, liabilities, mergers and acquisitions, etc.) can be reinforced by certain results of the SPICE analysis where applicable, and
2. certain fundamental assumptions of the valuation models are systematically linked to the results of the SPICE analysis.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The development of Sycomore AM's 'SPICE' analytical framework and exclusion policy are 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. To assess the fundamental value of a company, analysts systematically examine how a company interacts with its stakeholders. This fundamental analysis aims to understand the strategic issues, business models, quality of governance and degree of integration of sustainability considerations, as well as the risks and opportunities facing the company. Sycomore AM has also defined its human rights policy in accordance with the United Nations Guiding Principles on Business and Human Rights.

Despite the due diligence described above to identify potential violations of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, effective compliance with the issuers analysed can never be guaranteed.

The EU Taxonomy sets out a 'do no significant harm' principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and which include 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.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does the financial product take into consideration the principal adverse impacts on sustainability factors?

☒ Yes,

as indicated in the previous sub-section:

- The principal adverse impacts, as well as all other adverse impacts, are taken into account for any investment of the portfolio through the SPICE analysis and results, supplemented by the exclusion policy of Sycomore AM.
- In addition, to be eligible as a sustainable investment, any investment must comply with the PAI policy, including the principal adverse impacts.

Information on the principal negative impacts on sustainability factors will be published in the annual report of the Fund.

☐ No



What investment strategy does this financial product follow?

The Fund's investment strategy is based on a portfolio exposure of 60% to 100% to Eurozone equities. These equities are selected based on a thorough fundamental analysis of companies, without sector or capitalisation restrictions. The net assets may therefore be exposed up to 100% to shares in small cap companies, i.e. with market capitalisation of less than 7 billion euros. For more details on the Fund's investment strategy, please refer to the Fund's prospectus.

The Fund's investment strategy fully integrates ESG (environmental, social (including human rights), and governance) issues. This integration is carried out through the Management Company's proprietary 'SPICE' methodology described earlier, and as described in the ESG integration policy made available on the website.

We aim to identify the risks and opportunities to which companies are exposed by following a dual materiality approach, and more specifically:

- On the Environment, Pillar E evaluates how companies take environmental protection into account in the conduct of their business as well as in their supply of products and services. It also looks at how the environment can affect the company's activities. It fully integrates analysis of transition risk and physical risk exposure;
- At a social level, Pillars P, S and C aim to understand how companies integrate risks and opportunities related to human capital, relations with suppliers and clients and society as a whole. In particular, respect for workers' rights, employee health and safety, the quality of the working environment, the societal contribution of products and services, the ability of companies to contribute to the creation of quality jobs and respect for human rights throughout the business value chain are key issues

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

covered by the analysis.

- On governance, Pillar I examines how companies recognise the interests of all stakeholders by sharing value equitably. This includes shareholder structure analysis, the alignment of senior management with the strategy, and the quality of the integration of sustainability issues into the strategy.

The Fund's investment universe is defined according to a minimal SPICE rating, but also according to specific criteria in the SPICE overall analysis and rating methodology (see the next item on the binding elements of the investment strategy).

Our SPICE methodology also contributes to analysing a company's exposure and/or contribution to the United Nations Sustainable Development Goals (SDGs). Concerning human capital, our approach for assessing human capital in the company refers explicitly to SDGs 3, 4, 5, 8, and 10 on social issues such as health, lifelong learning, gender equality, full employment, decent work, and reducing inequality. Concerning society and subcontractors, the assessment of the societal contribution is based on the analysis of positive and negative contributions from business activities under 4 pillars (access and inclusion, health and security, economic and human progress and employment) and refers explicitly to SDGs 1, 3, 5, 6, 7, 8, 9, 10, 11, 12, 16, and 17. Concerning the environment, the assessment of the net environmental contribution (NEC) analyses the positive and negative impacts of companies and their products and services on 5 issues (climate, biodiversity, water, waste/resources, and air quality) directly related to environmental SDGs 2, 6, 7, 9, 11, 12, 13, 14, and 15.

The main methodological limits are as follows:

- The availability of data for ESG analysis;
- The quality of the data used to assess the quality and impact of ESG as there are no universal standards for ESG information and third-party verification is not systematic;
- Data comparability because not all companies publish the same indicators;
- The use of proprietary methodologies that rely on the experience and expertise of the asset manager's staff.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

Two main filters, one of exclusion and the other of selection, are used.

- **A selection filter:** It aims to favour companies with sustainable development opportunities in five sub-groups: These companies can be of any of the following four categories:
 - i. **Social contribution:** Companies that have a social contribution rating greater than or equal to +10% within the Society & Suppliers pillar of our SPICE methodology.
 - ii. **Environmental contribution:** Companies with an NEC (Net Environmental Contribution) rating greater than or equal to +10% within the Environment pillar of our SPICE methodology.
 - iii. **SPICE leadership:** Companies with a SPICE rating above 3.5/5, reflecting our analysis of best practices in terms of sustainable development.
 - iv. **SPICE transformation:** For up to 10% of net assets, companies with,
 - a) a **SPICE rating** between 3 and 3.5/5;
 - b) a **fundamental transformation strategy** in sustainable development (supply of products or services, or changing practices). The Fund is therefore tasked with supporting the environmental, social, societal, and governance transformation of these companies. The areas for improvement identified by the management company must be satisfied within a maximum period of two years.

- **An exclusion filter:** This filter excludes companies which present sustainability risks that could call into question those companies' competitiveness or that could be the source of major negative impacts. A company is thus excluded if:

- it is involved in activities identified in the Sycomore AM SRI **exclusion policy** for their controversial social or environmental impacts, or
- it obtained a **SPICE rating** below 3/5, or
- it is concerned by a **level 3/3 controversy**.

At the product level, the management company aims to achieve a better performance than the Fund's reference benchmark concerning the two indicators that follow:

- The assessment of the net environmental contribution (NEC);
- Carbon intensity.

Additionally, the Fund makes a binding commitment to invest at least 70% of its net assets in sustainable investments that have either an environmental or a social objective.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The weighted average ESG rating of the portfolio must be significantly higher than the weighted average ESG rating of the starting universe (as described in the Fund prospectus). This means that the weighted average ESG rating of the portfolio can under no circumstances be inferior to the weighted average ESG rating of the starting universe, after eliminating the 25% worst stocks based on the ESG rating.

● ***What is the policy to assess good governance practices of the investee companies?***

Governance is part of the SPICE analysis, including a section dedicated to governance (section 'G') in Pillar 'I,' which has a significant focus on governance bodies, and integrates other governance elements integrated in the other parts of the analysis framework, including employee relations and compensation within Pillar 'P', as well as tax practices within Pillar 'S'. The overall governance of the issues associated with each type of stakeholder (Society & Suppliers, People, Investors, Clients, and Environment) is addressed in each of these pillars.

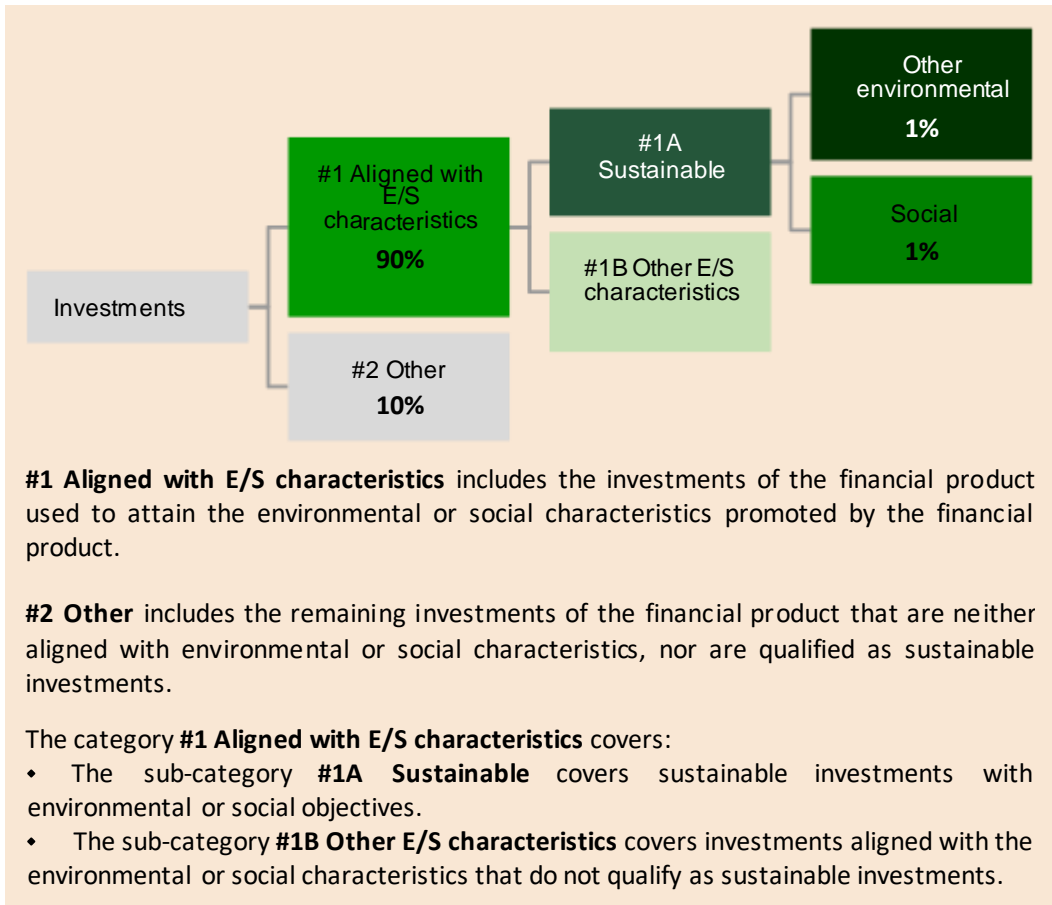
Other requirements to exclude from the investment universe insufficient governance practices in section 'G', associated with a minimum threshold, are included in Sycomore AM's exclusion policy.

Good governance
practices include
sound management
structures, employee
relations,
remuneration of
staff and tax
compliance.



What is the asset allocation planned for this financial product?

The binding elements described herein apply to any of the Fund's investments (excluding cash and derivatives used for hedging).



The objective for the remaining portion of investments, including a description of minimum environmental or social guarantees, is set out in the following questions: 'What investments are included under '#2 Other', what is their purpose and are there any minimum environmental or social safeguards?'

● *How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

The policy for using derivatives, whose underlying assets are subject to the SPICE analysis process, is compatible with the objectives of the Fund and consistent with its inclusion in a long-term perspective. It is not intended to significantly or permanently distort the ESG selection policy. The use of derivatives is limited to techniques allowing for efficient management of the portfolio of securities in which the Fund is invested. The Fund may not hold a short position in any asset selected as ESG, according to its own method of ESG asset selection.

The Fund's use of derivatives for exposure, apart from efficient and marginal management, is necessarily of a temporary and exceptional nature.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The investments underlying the financial product that take into account the European Union's criteria for environmentally sustainable economic activities represent a minimum commitment of alignment of 0% of investments.

● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?***

☐ 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.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or to low-carbon fuels by the end of 2035.

For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

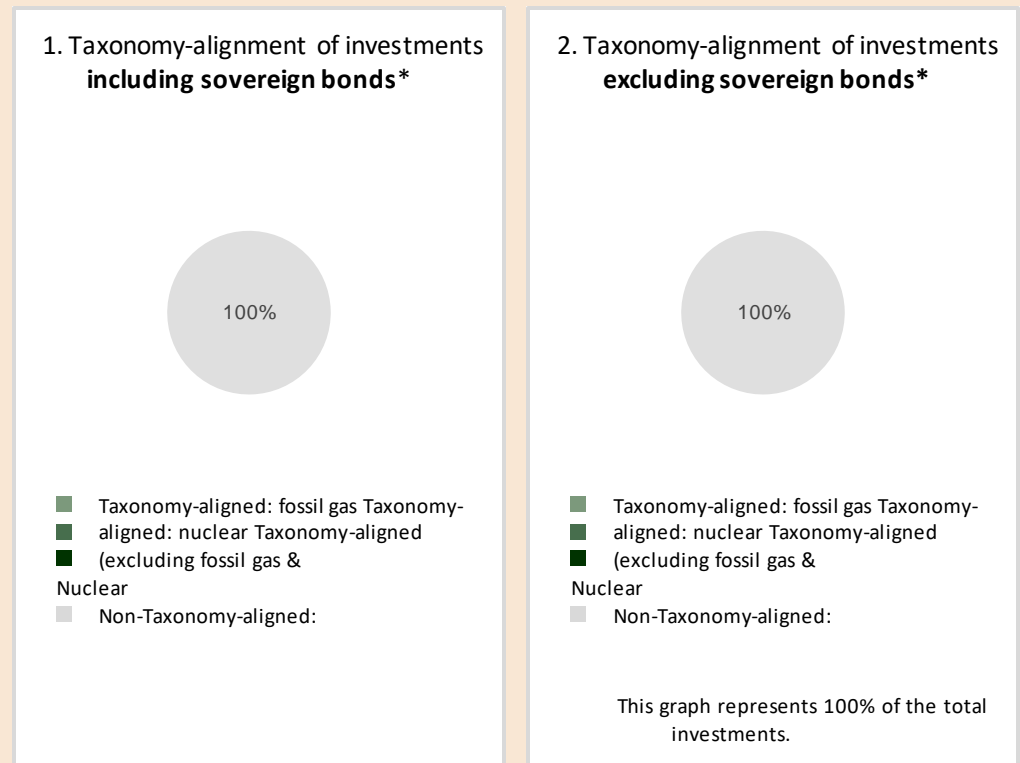
Enabling activities

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

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 possible performance.

The two graphs below show in green the minimum percentage of investments that are 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' include all sovereign exposures.

● What is the minimum share of investments in transitional and enabling activities?

NA



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund makes a commitment regarding a minimum proportion of investments in sustainable investments with an environmental objective (1%). However, the Fund will invest continuously at least 70% of its net assets in sustainable investments that have either an environmental or a social objective.



What is the minimum share of socially sustainable investments?

The Fund makes a commitment regarding a minimum proportion of investments in sustainable investments with a social objective (1%). However, the Fund will invest continuously at least 70% of its net assets in sustainable investments that have either an environmental or a social objective.

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



What investments are included under ‘#2 Other’, what is their purpose and are there any minimum environmental or social safeguards?

Investments included in the ‘#2 Other’ category are related to derivative instruments used for hedging purposes, cash held on an ancillary basis, or cash equivalents such as government bonds.

Bonds, other international debt securities and short-term negotiable securities from public issuers will be selected through an in-house rating of the issuing Country strictly above 2.5 on a scale of 5 (5 being the highest rate), the Country being thus considered as sufficiently favourable to sustainable and inclusive development.

Other cash equivalents and similar instruments held on an ancillary basis, as well as derivatives held for hedging purposes, are not subject to minimum environmental or social guarantees.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

There is no specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes.

The Fund’s reference benchmark, which is only used to evaluate performance, is a broad market index (EuroStoxx TR).

- ***How is the reference benchmark aligned at all times with each of the environmental or social characteristics promoted by this financial product?***

Not applicable

- ***How is the alignment of the investment strategy with the index methodology guaranteed on an ongoing basis?***

Not applicable

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

Not applicable

- ***Where is more information available on the calculation method used for the chosen index?***

Not applicable



Where can I find more product-specific information online? More product-specific information can be found on the website:

<https://fr.sycomore-am.com/fonds/14/sycomore-selection-responsible>