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

Product name: Sycomore Allocation Patrimoine **Legal entity identifier:** 969500M6AZQFDFB4EF50

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that it does not cause significant harm to any of these objectives and that the companies in which the financial product invests apply 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.

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: ___%**	☒ **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 20% of sustainable investments
☐ in economic activities that are considered environmentally sustainable under the EU Taxonomy	☐ having an environmental objective in economic activities that are considered environmentally sustainable under the EU Taxonomy
☐ in economic activities that are not considered environmentally sustainable under the EU taxonomy	☒ having an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make sustainable investments**

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

As mentioned in the prospectus, the investment strategy of Sycomore Allocation Patrimoine, as a Feeder Fund investing at least 95% of its net assets in units of the Sycomore Next Generation sub-fund of the Sycomore Fund SICAV under Luxembourg law (the 'Master Fund'), is socially responsible. Any environmental and/or social characteristics of the Feeder Fund shall be taken into account at the level of the Master Fund.

At the Master Fund level, the process of researching and selecting shares and bonds of private-sector issuers in the investment universe in all cases includes binding non-financial criteria and overweights companies whose ESG criteria are consistent with the objective of sustainable growth. For Sycomore Next Generation, non-financial criteria are used to exclude companies with major sustainable development risks and to favour companies that tackle societal and environmental problems for future generations. Our stock selection is currently dominated by three key themes: Workplace performance, energy and environmental transition, and quality of life.

No benchmark has been appointed to determine whether the Master Fund or the Feeder Fund complies with the environmental and/or social criteria they promote.

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

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

The sustainability indicators used to measure the achievement of each of the environmental or social criteria promoted by the Feeder Fund in relation to its investment in its Master Fund must be assessed at the level of the Master Fund.

The Master Fund will assess the attainment 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, Customers and Environment. This tool assesses the sustainability of corporate 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 90 criteria from which a score between 1 and 5 per SPICE letter is obtained. These 5 ratings are weighted according to the most significant impacts on the company.
- **At the societal level**: **societal contribution of products and services**. The assessment of the societal contribution[2] 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. The methodology also includes macroeconomic and scientific data from public research institutions and independent organisations such as the Access to Care Foundation and the Access to Nutrition Initiative.
- **At the human resources 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 Environment rating[3]:** The framework provides a comprehensive and objective assessment of the level of wellbeing at work, focusing on: objectives, autonomy, skills, labour relations, and equity.
  - **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[5] (NEC)** indicator. The NEC is a metric that enables investors to measure to what extent a given business model is aligned or misaligned with the ecological transition and objectives for mitigating climate change. The score is calculated on a scale from -100%, for the

[1] Further information is available on the website, which can be found at the end of this document

[2] Ibid

[3] Ibid

[4] Ibid

[5] Ibid

activities that are the most damaging to natural resources, 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).

- **'Good in Tech' rating of investee companies.**
- **Compliance of Issuing Countries with the United Nations Global Compact.**
- **Compliance of Issuing Countries with the Investment Manager's country rating model.**
- **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:

- **Net Environmental Contribution;**
- **Societal Contribution of products and services.**

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 Master Fund may partially make sustainable investments with a social objective, on the basis of at least one of the following conditions:

- **At the societal level:** Investments where the **societal contribution of products and services** is greater than or equal to +30%.
- **At the human resources 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:
    - **Investments awarded with a Happy@Work Environment rating**[6] greater than or equal to 4.5/5.
    - **Investments awarded with a Good Jobs rating** greater than or equal to 55/100.

Companies with a Good Jobs rating or a Happy@Work Environment rating greater than or equal to the selected thresholds make a significant contribution to SDG 8, according to the Investment Manager.

The Master Fund will partially make sustainable investments with an environmental objective, based on the following conditions: investments for which the **Net Environmental Contribution**[7] **(NEC)** is greater than or equal to +10%. Companies associated with an NEC greater than or equal to the selected threshold, according to the Investment Manager, make a significant contribution to the ecological transition and climate change mitigation objectives.

[6] Further information is available on the website, which can be found at the end of this document

It should be noted that the Feeder Fund undertakes to invest a minimum of 20% 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 (4) elements are put in place to prevent sustainable environmental or social objectives from being significantly affected, on an ex ante basis, before any investment decision at the level of the Master Fund.

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

1. **SPICE rating 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 lower rating, less than 3/5, indicates a lower sustainability performance on one or more adverse impacts.

2. **In compliance with the Investment Manager'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, 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.

3. **Companies concerned by a level 3/3 controversy:** 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.

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'.

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

At the level of the Master Fund, the adverse impact on sustainability factors involves indicators at two levels:

[8] Further information is available on the website, which can be found at the end of this document

1. **For sustainable investments only:** 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, which considers all the issues covered by all the indicators of adverse impacts 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:

Applicable to investee companies:

o **GHG emissions:**

- Indicators 1-2-3-5-6 (scope 1, 2, 3 of GHG emissions and total emissions; carbon footprint; GHG emissions intensity of investee companies; share of non-renewable energy consumption and production; energy consumption intensity by high-impact climate sector): For all sectors, GHG emissions are assessed taking into account the size of the company relative to its sub-sector and the science-based decarbonisation levels necessary to maintain the global temperature increase below 2° C compared to pre-industrial temperatures, as described in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change[9] (IPCC). As a result, Sycomore AM's PAI approach to GHG emissions in all sectors is based on scientific indicators: on the one hand, the Science-Based Targets initiative (SBTi[10]) and, on the other hand, the Science-Based Initiative to Align Temperatures with 2° C (SB2A[11]). Companies associated with a temperature above the threshold defined in the PAI policy are considered to be seriously detrimental to the climate change mitigation objective.

- Indicator 4 (Exposure to companies active in the fossil fuel sector): Companies active in the fossil fuel sector are subject to Sycomore AM's exclusion policy.

o **Biodiversity:**

- Indicator 7 (Activities negatively affecting biodiversity-sensitive areas), in addition to Indicator 14 in Table 2 (Natural species and protected areas): these two indicators show that activities in areas sensitive to biodiversity are not likely to be undertaken without appropriate mitigation measures. Companies for which this is confirmed are deemed to seriously undermine the objective of protecting and restoring biodiversity and ecosystems. The detailed confirmation process for excluded companies is provided in the PAI policy.

o **Water**:

- Indicator 8 (Emissions to water): for companies reporting emissions above the threshold set in the PAI policy, further surveys are conducted on the impact on stakeholders of past emissions, based on controversy reviews. A serious impact that

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9 https://unfccc.int/topics/science/workstreams/cooperation-with-the-ipcc/the-fifth-assessment-report-of-the-ipcc?gclid=CjwKCAjw7p6aBhBiEiwA83fGupjyovLRq1NKs9o5UtIotAQQcswzZD30tofiDkgryZ8SlJHtnG5y4BoCEiwQAvD_BwE

10 https://sciencebasedtargets.org/

11 https://icebergdatalab.com/solutions.php

the company has not yet fully taken into account is deemed to seriously undermine the objective of sustainable use and protection of water and marine resources.

o **Waste:**

- Indicator 9 (Hazardous waste and radioactive waste ratio): for companies that report quantities exceeding the threshold set in the PAI policy, additional surveys are carried out on the impact on stakeholders of waste generated, based on controversy reviews. A serious impact that the company has not yet fully taken into account is deemed to seriously undermine the objective of preventing and controlling pollution.

o **Principles of the United Nations Global Compact/OECD Guidelines for Multinational Enterprises:**

- Indicator 10 (Violations): The framework of the above-mentioned controversy analysis implemented by Sycomore AM aims precisely to identify violations of these international standards.

- Indicator 11 (Lack of processes and compliance mechanisms to monitor compliance with provisions): the lack of processes and mechanisms for monitoring compliance with these international standards is a signal that more due diligence is needed to conclude on the likelihood of potential violations. Stricter requirements are then implemented throughout the SPICE analysis, particularly in relation to the Society & Suppliers (S), People (P), and Clients (C) stakeholder classes, defined in the PAI policy. Any company that fails the test is deemed to be significantly detrimental to one or more social objectives.

o **Gender equality:**

- Indicator 12 (Unadjusted gender pay gap): Companies associated with an unadjusted gender pay gap exceeding the threshold set in the PAI policy are considered to seriously undermine the social objective of combating inequality.

- Indicator 13 (Board gender diversity): Companies associated with the participation of women on the board of directors of the company below the threshold defined in the PAI policy are considered to seriously undermine the social objective of combating inequalities.

o **Controversial weapons:** Exposure to controversial weapons is specifically addressed by Sycomore AM's exclusion policy.

Applicable to Countries and supranational organisations:

o **GHG intensity** (Indicator 15): The intensity of GHG emissions is part of the Country analysis described in Sycomore AM's ESG integration policy, which excludes underperforming countries in a wide range of environmental, social, and governance issues.

o **Investee countries subject to social violations** (Indicator 16): similarly, the framework of analysis applicable to Countries concerns adherence to the United Nations Global Compact. In addition, a set of indicators is used to assess government practices in sustainable development and governance, including corruption, human rights, and social inclusion.

SPICE rating:

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.

Of the 46 indicators of adverse impacts applicable to companies held, excluding an element dedicated to fixed income investments (i.e. 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 of adverse impacts (23 environmental indicators and 19 social indicators), and 4 indicators of adverse impacts are targeted by Sycomore AM's exclusion policy (1 environmental indicator and 3 social indicators).

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.

Examples of matching adverse effects with elements of the SPICE analysis include:

Society & Suppliers (S): The 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, social responsibility, and the subcontracting chain. Adverse sustainability indicators, including the lack of a supplier code of conduct, inadequate whistle blower protection, lack of a human rights policy, lack of due diligence, risks related to human trafficking, child labour or compulsory labour, cases of serious human rights issues, and risks related to anti-corruption policies, aim to address the adverse impacts addressed in the Society & Suppliers section.

People (P): The P rating focusses on a company's employees and the management of its human resources. The evaluation of the People component focusses on the integration of issues related to employees, their development (Happy@Work Environment), and the measurement of their commitment. Adverse sustainability indicators, including unadjusted gender pay gap, gender diversity on the board, workplace accident prevention policies and health and safety indicators, employee complaint mechanisms, discrimination and CEO pay ratios, aim to address the adverse impacts addressed in the People section.

Investors (I): The I rating focuses on the relationship between companies and their shareholders. 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 targets the business model and governance. Among the adverse sustainability indicators, the lack of diversity on the board of directors and the exorbitant rate of remuneration of chief executive officers remedy the adverse effects mentioned in this section.

Clients (C): The C rating focusses on the company's clients as players, analysing the offer made to clients as well as the client relationship.

Environment (E): The E rating assesses the company's position in relation to natural resources. It represents the management of environmental issues as well as the positive or negative externalities of the company's business model. The subsection on the environmental footprint defines the adverse impacts targeted by sustainability impact indicators, including greenhouse gas emissions, energy consumption, air pollution indicators, water, waste and material emissions, as well as biodiversity indicators. Sustainability impact indicators, including carbon reduction initiatives and fossil-fuel-related activities, address the adverse impacts that are addressed in the E (Environment) section, Transition Risk sub-section.

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 financial investments 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, at the Master Fund level, analysts systematically examine how a company interacts with its stakeholders. This fundamental analysis aims to understand the strategic issues, business models, quality of management and degree of involvement, 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 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.

Does this financial product consider principal adverse impacts on sustainability factors?

✖ Yes, indirectly through its investments in the Master Fund, as indicated in the previous subsection:

o the principal adverse impacts, as well as all other adverse impacts, are taken into account at the level of the Master Fund for any investment of the portfolio through the SPICE analysis and results, supplemented by the exclusion policy of Sycomore AM.

o in addition, to be eligible as a sustainable investment at the Master Fund level, any investment must comply with the PAI policy, including the principal adverse impacts.

Information on the principal adverse impacts on sustainability factors will be published in the annual report of the Feeder Fund and the Master Fund.

☐ No

What investment strategy does this financial product follow?

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

The Feeder Fund shall permanently invest at least 95% of its net assets in units from the Master Fund:

The investment strategy of Sycomore Allocation Patrimoine, as a Feeder Fund of the Sycomore Next Generation sub-fund (the 'Master Fund'), is socially responsible, with the investment strategy of the Master Fund being based on discretionary alloctaion of its net assets across several asset classes. The two main drivers of performance of the Master Fund, and therefore the Feeder Fund, are:

1) An 'equity' strategy that exposes between 0% and 50% of the net assets to the following assets: financial futures instruments, international equities, and UCITS offering exposure to international markets.

2) A 'bond yield' strategy that exposes 0% to 100% of the net assets to the following assets: international bonds and other debt securities, derivatives, and, on an ancillary basis, UCITS offering exposure to bonds.

Finally, the Master Fund may be exposed between 0% and 100% to the following money market assets in order to protect the portfolio against unfavourable market conditions: Short-term negotiable securities from public- or private-sector issuers rated at least A or the equivalent and, on an ancillary basis, money-market UCITS.

The Master Fund may hold ancillary liquid assets.

The Master 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 in the previous question with respect to the DNSH approach. This analysis takes 90 criteria into consideration, both qualitative and quantitative, organised around the five key stakeholders: Society & Suppliers, People, Investors, Clients, and Environment. Each SPICE pillar is assigned a score on a scale of 1 to 5, and their weighted average, based on the company's sector and activities, is the final SPICE rating.

By integrating ESG criteria into the investment strategy of the Feeder Fund, 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 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 Master Fund's investment universe is defined according to a minimal SPICE rating (2.5/5), 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). Within the People Pillar, 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. Within the Society & Suppliers pillar, 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. Within the Environment pillar, 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 Master Fund also undertakes to report annually on the portfolio companies' exposure to SDGs.

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?

Good governance practices that include sound management structures, employee relations, employee compensation and tax compliance.

The following mandatory criteria apply to the Master Fund.

<u>**At the investee companies level**</u>, the Master Fund will make sustainable investments that will meet environmental or social criteria, based on all of the following selection and exclusion filters:

- **A selection filter** of the main ESG opportunities: its objective is to favour companies that offer sustainable development opportunities, by choosing companies issuing shares and/or bonds which satisfy at least one of the following, alternatively:

  - **A Happy@Work rating** strictly above 3/5 within the People pillar of our SPICE methodology;
  - **A NEC (Net Environmental Contribution) rating** strictly superior to 0% within the Environment pillar of our SPICE methodology;
  - **A societal contribution** strictly superior to 0% within the Environment pillar of our SPICE methodology;
  - **A Good in Tech rating** greater than or equal to 3/5 (which means that the company has a client risk rating greater than or equal to 3/5) within the Client pillar of our SPICE methodology. Through the Good in Tech rating, the Master Fund aims at investing in companies whose technological goods or services are to be used responsibly to reduce or to ban negative externalities on society and/or on the environment.

- **An exclusion filter** based on the main ESG risks: any company which presents risks in terms of sustainable development. The risks identified include non-financial practices and performance which may call into question the competitiveness of companies. A company is thus excluded from the Master Fund 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 lower than or equal to 2.5/5**; or
  - if the company is concerned by a **level 3/3 controversy.**

For government bonds:

- **An exclusion filter:** Based on the United Nations Global Compact: Countries that are not signatories to the UN Global Compact are excluded from the investment universe. In addition, countries targeted by international financial sanctions are also excluded.

- **Selection filter:** With a minimum rating in the Sycomore AM country rating model. The ESG rating model is based on 5 criteria: environment, governance, economic health, corruption and human rights, and social inclusion. A country is also automatically excluded if it has a score strictly below 1 for any given aspect.

<u>At the product level</u>, the Management Company aims to achieve a better performance than the Master Fund's reference benchmark concerning the two indicators that follow:

- Net Environmental Contribution;
- Societal Contribution of products and services.

In addition, the Master Fund agrees to the following mandatory element:

- The Fund will invest continuously at least 25% of its net assets in sustainable investments that have either an environmental or a social objective.
- It should be noted that the percentages mentioned in the chart above are expressed in relation to the net assets of the Master Fund. In the case of investments by the Master Fund in companies, the Master Fund undertakes to make at least 50% of its investments in companies that meet the sustainable investment criteria in accordance with the conditions set out in this document, that is, 50% of the companies held at the level of the Master Fund will be sustainable investments.

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

As part of its investment strategy, the Master Fund's eligible investment universe is thus reduced by at least 20% compared to the initial universe, i.e. equities listed on international markets and covered by our ESG analysis process.

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 section ‘I,’ which has a significant focus on the management structures and governance elements integrated in the other parts of the analysis framework, including employee relations and compensation within section ‘P’, as well as tax practices within section ‘S’. The overall governance of the issues associated with each type of stakeholder (Society & Suppliers, People, Investors, Customers, and Environment) is addressed in each of these sections.

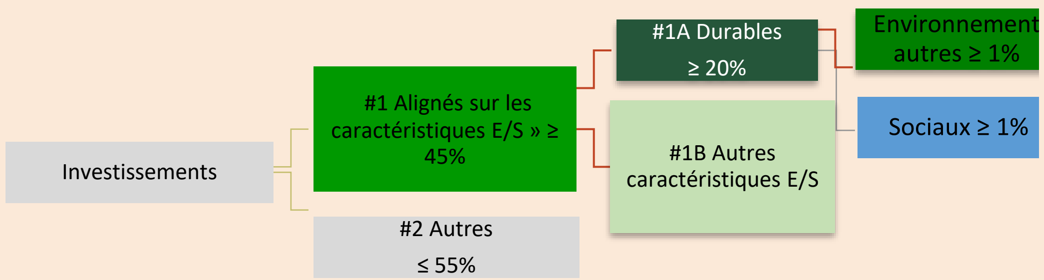
Other requirements to exclude from the investment universe insufficient governance practices in section ‘G’, associated with a minimum threshold, are included in Sycomore AM's exclusion policy.

What is the asset allocation planned for this financial product?

The asset allocation describes the portion of investments in specific assets.

The mandatory elements of the investment strategy for the Master Fund (excluding cash and derivatives used for hedging), used to select investments to meet each of the environmental or social criteria promoted by this financial product, are required for any investment of the Master Fund.

Through its investments in the Master Fund, the asset allocation of the Feeder Fund is as shown in the chart below:



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product that are neither aligned with environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

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

It should be noted that the percentages mentioned in the chart above are expressed in relation to the net assets of the Feeder Fund, and under normal market conditions.

In the case of investments by the Master Fund in companies, the Master Fund undertakes to make at least 50% of its investments in companies that meet the sustainable investment criteria in accordance with the conditions set out in this document. Investments in companies include any financial instruments issued by a company (such as shares and bonds).

Due to the Master-Feeder structure, the Feeder Fund shall permanently invest at least 95% of its net assets in units from the Master Fund. Therefore, in relation to the Master Fund, the allocation of assets is allocated up to 5% by additional cash, presented in the ‘Other’ category.

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 Feeder Fund does not use derivatives.

The policy for using derivatives, whose underlying assets are subject to the SPICE analysis process, is compatible with the objectives of the Master 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 Master Fund is invested. The Master Fund may not hold a short position in any asset selected as ESG, according to its own method of ESG asset selection.

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

NA

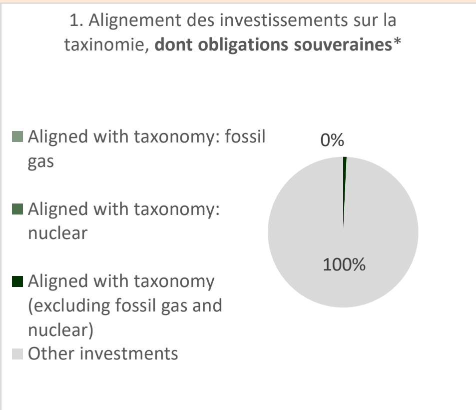
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[12]?**

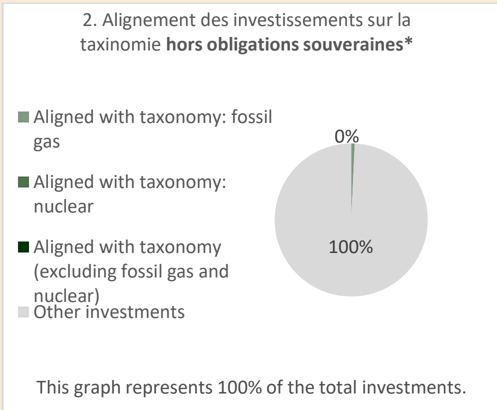
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

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*

[12] 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.

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

NA

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

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

The Feeder Fund makes a commitment regarding a minimum proportion of investments in sustainable investments with an environmental objective (1%).

However, the Feeder Fund undertakes to ensure that at least 20% of its investments in companies meet sustainable investment criteria, whether they be environmental or social (commitment of 25% at the Master Fund level).

What is the minimum share of socially sustainable investments?

The Master Fund makes a commitment regarding a minimum proportion of investments in sustainable investments with a social objective (1%).

However, the Feeder Fund undertakes to ensure that at least 20% of its investments in companies meet sustainable investment criteria, whether they be environmental or social (commitment of 25% at the Master Fund level).

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

At the level of the Feeder Fund, investments included in the '#2 Other' category (not compliant with E/S characteristics) are linked to cash held on an ancillary basis.

At the level of the Master Fund, investments included in the '#2 Other' category (not compliant with the E/S characteristics) are related to derivative instruments used for hedging purposes, cash held on an ancillary basis, or cash equivalents such as government bonds.

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?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

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 Master Fund’s reference benchmark, which is only used to evaluate performance, is a broad market index.

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/12/sycomore-allocation-patrimoine