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SFDR - Sustainability-related disclosures

Sycomore Allocation Patrimoine

a) **Summary**

Upcoming information.

b) **No sustainable investment objective**

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

Four layers are implemented to avoid occurrence of significant harm to any environmental or social sustainable investment objective, on an ex-ante basis, prior to any investment-decision. Indeed, investments targeted by one or more of the criteria below will not be considered as a sustainable investment:

- **As per the Management Company's SRI exclusion policy** : activities are restricted for their controversial social or environmental impacts, as defined and revised annually in Sycomore AM's core policy (applicable to all Sycomore AM's direct investments), and in the Socially Responsible Investment Policy (SRI) policy (applicable to all open-ended UCITs, mandates and dedicated funds managed according to an SRI strategy), such as: violations of fundamental rights, controversial and nuclear weapons, conventional weapons and ammunitions, thermal coal, tobacco, pesticides, pornography, carbon-intensive energy generation, oil & gas.
- **Companies affected by a level 3/3 controversy**: identified based on the Investment Manager's thorough analysis of controversies. The most severe controversy classification (-3 on Sycomore AM's scale, which range from 0 to -3) is considered a violation of one of the principles of the United Nations' Global Compact.
- **SPICE rating below 3/5**: The SPICE methodology, through its 90 criteria, covers all environmental, social and governance issues targeted by the indicators for adverse impacts on sustainability factors listed within the draft Regulatory Technical Standards. A lower rating, below 3/5, indicates a lower sustainability performance on one or more adverse impacts.
- **As per Sycomore AM's Principle Adverse Impact (PAI) policy**: a PAI policy applied to identify further potential significant harm across environmental and social matters targeted by the PAI indicators listed in Table 1 of Annex I is implemented. Companies meeting any exclusion criterion regarding GHG emissions, biodiversity, water, waste, gender equality, UN Global Compact principles/OECD Guidelines for Multinational Enterprises compliance, or controversial weapons, will be reported as "not sustainable".

The development of Sycomore AM's analysis framework "SPICE" as well as the exclusion policy have been inspired by the OECD's Guiding Principles for multinational companies, the United Nations' Global Compact, the International Labour Organization's international standards and the UN Guiding Principles on Business and Human Rights. To assess the fundamental value of a company, analysts systematically examine how a firm interacts with its stakeholders. This fundamental analysis is designed to understand strategic challenges, business models, management quality and degree of involvement, and the risks and opportunities faced by the company. Sycomore AM has also defined its Human Rights Policy in compliance with the UN Guiding Principles on Business and Human Rights. Despite the above-described due diligence set to detect potential breaches of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, actual compliance of the analyzed issuers can never be guaranteed.

c) Environmental or social characteristics of the financial product

As mentioned in the prospectus, the investment strategy of Sycomore Allocation Patrimoine, as Feeder Fund investing at least 95% of its net assets in units of Sycomore Next Generation (the Master Fund), is socially responsible. All environmental and/or social characteristics of the Feeder Fund have to be considered at Master Fund level.

At 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 extra-financial criteria and overweights companies whose ESG criteria are consistent with the objective of sustainable growth. In the context of Sycomore Next Generation, extrafinancial criteria are used to exclude businesses carrying major sustainable development risks and to favour companies that are addressing societal and environmental issues for the benefit of future generations. Our stock picking is currently dominated by three key themes: fulfilment at work, the energy and environmental transition, and quality of life.

No reference benchmark has been designated to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes.

d) Investment strategy

The investment strategy of Sycomore Allocation Patrimoine, as Feeder Fund of Sycomore Next Generation (the Master Fund) is socially responsible, the investment strategy of the Master Fund being based on a discretionary allocation of its net assets among several asset classes. The two main performance drivers of the Master Fund, and thus the Feeder Fund, are:

1) An equity strategy that exposes 0% to 50% of the net assets to the following assets: international equities forward financial instruments UCITS offering exposure to international markets.
2) A "bond yield" strategy that exposes 0% to 100% of the net assets to the following assets: bonds and other international debt securities, derivatives, and, on an accessory basis, UCITS offering exposure to bonds.

Lastly, the Master Fund may be exposed, between 0% and 100% (in case of adverse market conditions in order to protect the portfolio), to the following money-market assets: short-term negotiable securities from public- or private-sector issuers rated at least A or the equivalent and, on an accessory basis, money-market UCITS.

The Master Fund may hold cash on an ancillary basis.

ESG analysis, being fully integrated into the evaluation process, is conducted through the Sycomore proprietary "SPICE" methodology, which results in a rating from 1 to 5 (5 being the highest rate). SPICE is the acronym for the global, financial and extra-financial methodology of analysis of Sycomore AM. In particular, it aims to understand how the value created by a company is allocated among all its stakeholders (investors, environment, customers, employees, suppliers and civil society). The Management Company believes that an equitable sharing of value between the stakeholders is an important factor in the development of a company.

The investment universe of the Master Fund is built according to specific criteria into the overall SPICE methodology (see next item on binding elements of the investment strategy).

Sycomore AM SPICE methodology also aims at assessing companies' contributions to the United Nations Sustainable Development Goals (SDGs).

Within the People pillar, the approach to evaluating 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) defined in the societal SDGs 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.
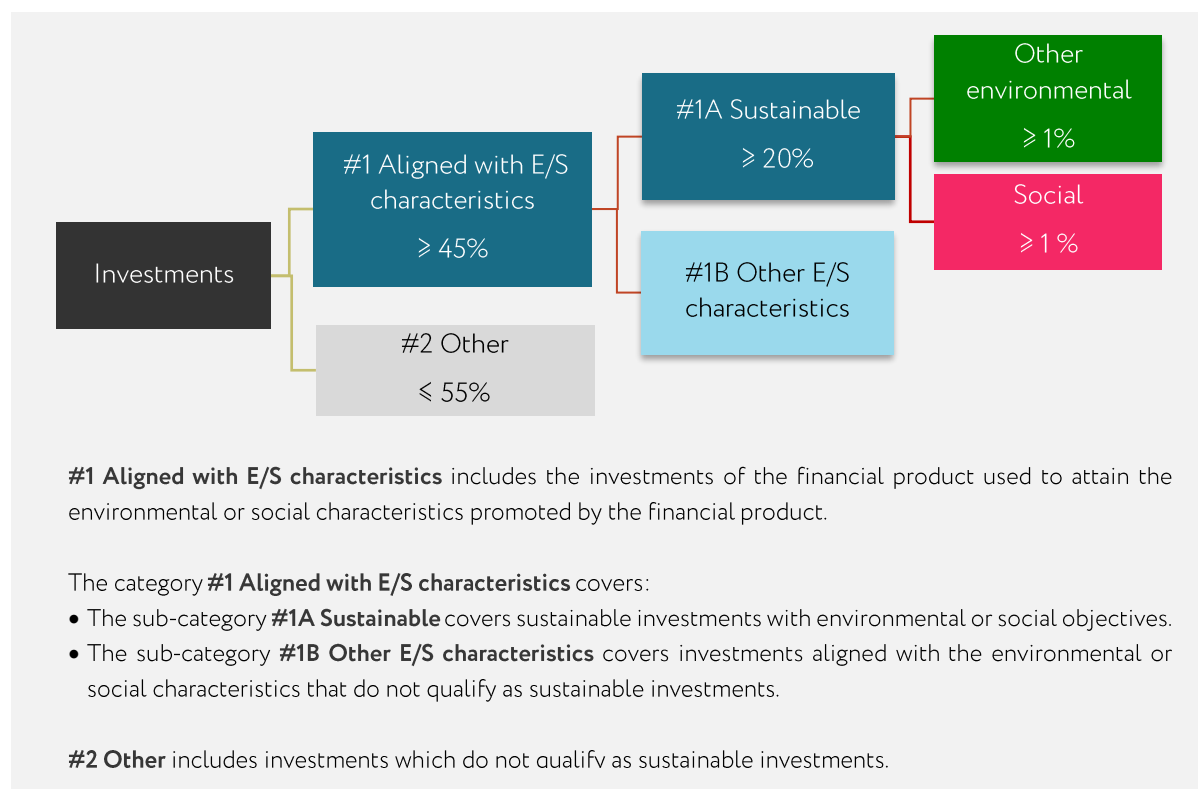
The Master Fund also undertakes to report annually on the portfolio companies' exposure to SDGs.

Governance is part of the SPICE analysis, including a dedicated governance section ("G" section) within the "I" section involving a significant focus on management structures, and governance items embedded into the other parts of the analysis framework, notably employee relations and remuneration of staff within the "P" section, and tax practices within the "S" section. Overall governance of issues associated with each type of stakeholder (Society, People, Investors, Clients and the Environment) is addressed in each according section.

Further requirements to exclude from the investable universe insufficient governance practices from the "G" section, associated with a minimum threshold, can be found in Sycomore AM's exclusion policy.

e) Proportion of investments

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, are required for any investment of the Master Fund (excluding cash or derivatives held for liquidity purposes).

#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.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social 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.

#2 Other includes investments which do not qualify as sustainable investments.

It is worth noting that the percentages mentioned in the graph above are expressed in relation to the Feeder Fund's net assets, and under normal market circumstances.

When it comes to fund's investments in companies, the Master Fund commits to invest a minimum of 50% in companies qualifying for sustainable investments under the conditions set forth in this document, i.e. 50% of the invested companies qualify as sustainable investments. due to the Master-Feeder structure, the Feeder Fund's invests at least 95% of its net assets into the Master fund, and therefore compared to the Master Fund, the asset allocation breakdown is impacted up to 5% by additional liquidity, presented under "Other".

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

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

However, the Master Fund commits to invest a minimum of 25% of its net assets and 50% of invested companies as sustainable investments, either with an environmental or a social objective. Due to the Master Feeder structure including additional cash at the Feeder Fund level, the Feeder Fund commits to invest a minimum of 20% of its net assets into sustainable investments.

Investments included under "#2 Other" relate to derivatives used for hedging purpose, and to cash or cash equivalent (such as sovereign bonds) held as ancillary liquidity.
Other cash and cash equivalent used as ancillary liquidity, and derivatives held for hedging purpose, are not subject to any minimum environmental or social safeguards.

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.

f)   **Monitoring of environmental or social characteristics**
Sycomore AM's investment managers are responsible for the monitoring of environmental or social characteristics of the funds, using all data and methodologies in use at Sycomore AM with the assistance of ESG research personnel and subject to first and second levels of controls in order to ensure a proper execution of the investment strategies in compliance with ESG constraints proper to each fund.

h) Methodologies

The following binding criteria apply to the Master Fund.

At investee level, the Master fund will make sustainable investment with environmental or social characteristics:

- **A filter of selection** of the main ESG opportunities: its objective is to promote businesses offering sustainable development opportunities divided into two subsets to be validated cumulatively:
  1. A **SPICE rating** above 2.5 out of 5, reflecting our analysis of best practices in terms of sustainable development.
  2. Companies issuing shares and/or bonds which satisfy at least one of the following, alternatively:
     o A **Happy@Work** rating strictly above 3/5 within the People pillar of our SPICE methodology;
     o A **NEC (Net Environmental Contribution)** strictly superior to 0% within the Environment pillar of our SPICE methodology;
     o A **Societal Contribution** strictly superior to 0% within the Society pillar of our SPICE methodology;
     o 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 Sub-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.

- **A filter of exclusion** based on key ESG risks: any company which presents risks in terms of sustainable development. Identified risks include inadequate non-financial practices and performance likely to jeopardize the competitiveness of companies. A company is thus excluded if:
     o it is involved in activities covered by Sycomore AM' SRI Exclusion Policy for their controversial social or environmental impacts,
     o it is affected by a level 3 (on a scale of 0 to 3) controversy.

For sovereign bonds :
- **A filter of exclusion**: based on the United Nations Charter: countries that are not signatories United Nations Charter are excluded from the investment universe. In addition, Countries that are targeted by international financial sanctions are also excluded
- **A filter of selection**: with a minimum rating in Sycomore AM country rating model. The ESG rating model is based on 5 criteria categories: environment, governance, economic health, corruption and human rights, social inclusion. A country is also automatically excluded if it has a rating strictly under 1 on any given pillar.

At product level, the Management Company aims at having a better result compared to the Master Fund's Benchmark on the two following indicators:
- Net Environmental Contribution
- Societal contribution of products and services

In addition, the Fund commits to the following binding element:
- At least 20% of the net assets of the Fund are invested in sustainable investments, either with an environmental objective, or a social objective.
- When it comes to Master fund's investments in companies, the Master fund commits to invest a minimum share of 50% in companies qualifying for sustainable investments under the conditions set forth in this document, i.e. 50% of the invested companies qualify as sustainable investments.

i) Data sources and processing

Below is a summary of the various data sources and required processing for inputs supporting the environmental & social characteristics of the financial products, as well as the components underlying the definition of a "sustainable investment" as interpreted by the investment manager.

The four metrics underlying the positive contributions in the context of sustainable investments are associated with thresholds set out explicitly in the Pre-contractual disclosures:
- NEC ⩾ +10%
- Societal Contribution ⩾ +30%
- The Good Jobs Rating ⩾ 55/100
- Happy@Work environment ⩾ 4.5/5

As further explained in the table below, it must also be clarified that the scope of analysis of each of the four metrics is the analysed company as a whole. More precisely:

- The NEC and the Societal Contribution are based on a breakdown of all the analysed company's revenues. Each share of the company's revenues is associated with an environmental contribution (as part of the NEC) or a societal contribution, which can be negative or positive. The analysed company's NEC or Societal Contribution is therefore a weighted-average output from all the company's revenues
- The Good Jobs Rating and the Happy@Work environment are based on all the analysed company's headcount. More precisely, the Good Jobs Rating uses as key input a breakdown of all the company's headcount, including sector and location ; while the Happy@Work analysis covers company practices, taking into account both positive and negative items, across the whole firm.

Input	Data sources	Data processing	Data quality management	Use of estimates	Coverage *	More details can be found at:
Net environmental contribution	Company's reports	SAM analysis, especially conversion of revenue breakdowns into positive/negative contributions	Analysis updated at least every 2 years, allowing for gap analysis between former and updated values.	Mostly based on actuals. Some fine breakdowns require analyst estimates based on company's public disclosures	Required for positive contribution (sustainable investments)	https://nec-initiative.org/
Societal Contribution						https://en.sycomore-am.com/download/381500688

The Good Jobs Rating	Company's reports	SAM analysis, especially conversion of headcount information (inc. sector, location, etc.)		Based on (quantitative) actuals.		https://en.sycomore-am.com/download/185432188
Happy@Work environment	Company's reports and employees' interviews	SAM analysis, conversion of (mostly qualitative) assessments into a rating		Based on (mostly qualitative) actuals.		https://en.sycomore-am.com/download/381500688
SPICE	Miscellaneous public sources	SAM analysis, conversion of (mix of qualitative and quantitative) assessments into a rating		Based on (mix of qualitative and quantitative data) actuals.	Required for investment	https://en.sycomore-am.com/download/381500688
Exclusion policy	Trucost, GCEL, GOGEL, MSCI	Data processing based on automated rules on a weekly basis.	Manual screenings, including transition matrices between former and updated exclusion lists, on an annual basis.	Sector data based on actual revenue breakdowns, acquired from third-party.	Required for investment	https://en.sycomore-am.com/download/569428451
Controversy analysis	MSCI	Sufficiently severe controversies reported by third-party followed by SAM further analysis	Most severe controversies analysis associated with detailed management procedure	None	Required for investment	https://en.sycomore-am.com/download/381500688
PAI policy:						https://en.sycomore-am.com/esg-research-material?category=policies
- GHG emissions	SBTi, Iceberg Data Lab	Use of data collected from: - SBTi - Iceberg Data Lab (SB2A temperatures) Qualitative proxy: SAM analysis.	SBTi recorded targets stored and updated on periodic basis, with gap analysis (former/updated) SB2A computation by third-party associated with data quality management process. Qualitative proxy: analysis updated at least every 2 years.	Use of actual SBTi target or alternatively SB2A temperature computed by third-party. Alternative proxy based on qualitative alignment & trajectory analysis (no estimates)	Quantitative (SBTi/SB2A): c. 70% Qualitative proxy: remaining c. 30%	See above under "PAI policy"
- Fossil fuel sector	Trucost, GCEL, GOGEL	Part of exclusion policy, see above	Part of exclusion policy, see above	Part of exclusion policy, see above	Rules-based screening: 100%	See above under "PAI policy"
- Water	Factset, MSCI	- Quantitative data used as minimum threshold for further analysis	Qualitative proxy: analysis updated at least every 2 years.	Qualitative analysis by SAM (water pollution and hazardous waste	Controversy analysis: 100%	See above under "PAI policy"
- Waste	Factset, MSCI				Controversy analysis: 100%	See above under "PAI policy"

		- Qualitative analysis of relevant controversies (MSCI input + SAM analysis), complemented by SAM analysis on relevant matters		management), no estimates		
- Biodiversity	Factset	- Qualitative data from third-party used as a signal for further analysis by SAM	Signals all further examined by SAM.	No estimates for this input	Data provider: c. 20% Qualitative proxy: remaining 80%	See above under "PAI policy"
- UNGC/OECD GME violations	MSCI + SAM analysis	Part of controversy analysis, see above	Part of controversy analysis, see above	Part of controversy analysis, see above	Controversy analysis: 100%	See above under "PAI policy"
- UNGC/OECD GME monitoring	Factset + SAM analysis	- Qualitative data from third-party used as a signal for further analysis by SAM - Further analysis drawing from SPICE analysis	Signals all further examined by SAM, as well as issuers not covered by third-party data. SPICE content updated at least every 2 years.	No estimates for this input	Data provider: c. 97% Additional SAM analysis: 100%	See above under "PAI policy"
- Board gender diversity	Factset	Male/Female ratio associated with basic exclusionary thresholds	Uncertain figures verified on an ad hoc basis directly with the issuers by analysts	Based on reported actuals	Data provider: 99%	See above under "PAI policy"
- Gender pay gap	Factset, company's reports	Gender pay gap associated with basic exclusionary thresholds	Uncertain figures verified on an ad hoc basis directly with the issuers by analysts	Based on reported actuals	Quantitative: c. 33% Qualitative proxy: remaining c. 67%	See above under "PAI policy"
- Controversial weapons	MSCI	Part of exclusion policy, see above	Part of exclusion policy, see above	Part of exclusion policy, see above	Rules-based screening: 100%	See above under "PAI policy"

* Quantitative coverage estimates based on EuroStoxx as of 14/12/2022.

j) Limitations to methodologies and data

Methodologies implemented by Sycomore AM are based on a qualitative and quantitative analysis of companies' ESG data. ESG data, whether sourced from external and/or internal sources is by nature subject to experience and skills of Sycomore AM's analysts. Despite robust methodological frameworks, a part of subjectivity and discretion remains in the interpretation and use of ESG data. However, ESG information from third parties data may be incomplete, incorrect or unavailable. ESG data providers are private companies that provide ESG data for a variety of issuers. They may therefore change the valuation of issuers or instruments at their discretion. The ESG approach may evolve over time, due to the refinement of investment decision making processes to reflect ESG factors and risks, and/or due to legal and regulatory developments. Finally, the application of ESG criteria to the investment process may exclude securities from certain issuers for non-financial reasons and, as a result, may result in the loss of certain available market opportunities for funds that do not use ESG or sustainability criteria.

Most data are reported by companies and thus not estimated by a data provider or by Sycomore AM. However, specific limitations are associated with PAI data, which include:

- Completeness: coverage of dataset varies from 10% to 100% of the Eurostoxx. Indeed, some data are not always published by companies. The implementation of the Corporate Sustainability Reporting Directive in the coming years will be a key element to increase data availability. Engagement on disclosure is also an important focus for Sycomore AM to tackle this issue.
- Heterogeneous definition and methodology: all PAI indicators are not fully defined by the regulation. As a consequence, discrepancies in the definition and methodology may occur from a company to another. A quality check on the dataset aims at identifying outlier values that may be checked or not considered if there is no possibility to correct the data.
- Accuracy: for some PAI indicators accurate dataset are still not available. As a consequence, qualitative proxies, mainly based on our SPICE fundamental analysis model are used.

Limitations, however, do not affect how the environmental or social characteristics promoted by the financial product are met, given the approach to data taken and explained under the previous sub-section "Data sources and processing", including in particular:
- Use of actuals to the extent possible (with associated use of estimates reduced to the extent possible), notably for positive contribution criteria and exclusion policy
- Data quality management processes
- Extended coverage (across all investments)

k) Due diligence
100% of the funds' assets are assessed for ESG rating, excluding cash at sight and derivatives, through in-house ESG analysis and ESG scoring methodology "SPICE", mutual funds being subject to specific ESG due diligences. ESG analysis is conducted by the research personnel and subject to first and second levels of controls.

l) Engagement policies
Sycomore AM operates voting and engagement policies that are about encouraging companies to improve their sustainability practices over the long term by suggesting areas for improvement as part of a constructive dialogue and long-term monitoring process. Shareholder engagement is a key feature of our role as responsible investors seeking to generate impacts, with a view to developing more sustainable business models able to meet today's societal and environmental challenges.