SFDR PRECONTRACTUAL DISCLOSURE ANNEX I

Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, 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. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: SYCOMORE EUROPE ECO SOLUTIONS (the "Sub-Fund")
Legal entity identifier: 2221009T03U3GMOXTL26

Sustainable investment objective

Does this financial product have a sustainable investment objective?

☒ **Yes**	☐ **No**
☒ It will make a minimum of **sustainable investments with an environmental objective: 65%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
☒ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with 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: 1%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What is the sustainable investment objective of this financial product?

The Sub-Fund (denominated in EUR) aims to achieve a significant performance over a minimum investment horizon of five years, through a rigorous selection of stocks of companies whose business model, products, services, or production processes positively contribute to the energy and ecological transition challenges, through a thematic SRI strategy.

The Sub-fund will partially make environmentally sustainable investments falling under article 5 of the Taxonomy Regulation (2020/852). Contributing investments can address any or the six environmental objectives set out in article 9 of the Taxonomy Regulation: a) climate change mitigation, b) climate change adaptation, c) sustainable use and protection of water and marine resources, d) transition to a circular economy, e) pollution prevention and control, f) protection and restoration of biodiversity and ecosystems.

No reference benchmark has been designated to meet the sustainable investment objective of the Sub-fund.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

The Sub-fund will measure the attainment of the sustainable investment objective using the following sustainability indicators in the monitoring of invested securities:

- **Investee companies' SPICE rating**: SPICE[1] stands for Society & Subcontractors, People, Investors, Clients and Environment. This rating assesses the sustainable performance of companies. It integrates the analysis of economic, governance, environmental, social and societal risks and opportunities in business practices and in the products and services offering of companies. The analysis takes into account a set of criteria from which a score between 1 to 5 per letter of SPICE is obtained. These 5 scores are weighted so that environmental issues account for 20% (SPICE score E), social issues 40% (scores S, P and C) and governance issues 20% (50% of score I).
- The **Net Environmental Contribution[2] (NEC)** as sustainability indicator at investee level**.** The NEC measures the extent to which a company's business model contributes to the ecological transition. The resulting score ranges from -100% for businesses that are highly damaging to the environment, to +100% for companies with a strong positive net impact. Companies associated with a NEC above or equal to the selected threshold therefore make a significant contribution to the ecological transition and the climate change mitigation objectives.
- **On the societal side**: the **Societal Contribution**[3] **of products and services**. The Societal Contribution metric combines the positive and negative societal contributions of a company's products and services. The methodology draws on the societal aspects of the United Nations' 17 Sustainable Development Goals (SDGs) and their 169 sub-goals (or targets).
- **On the human capital side**, two metrics both addressing SDG 8 ("Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all"), as well as SDGs 3, 4, 5 and 10 for the first listed metric:
    - **The "Happy@Work" rating[4]:** the analysis framework provides a complete and objective assessment of the level of well-being at work.

[1] More information can be found on the website page indicated at the end of this document.
[2] The NEC covers five impact categories (issues: climate, waste, biodiversity, water, air quality) by group of activities (contributing areas: ecosystems, energy, mobility, construction, production). More information can be found on the website page indicated at the end of this document.
[3] Ibid
[4] Ibid

- **The Good Jobs Rating**[5] which is a quantitative metric designed to assess – on a scale of 0 to 100 – a company's overall ability to create durable and quality jobs for all, and particularly in areas (regions or countries) where employment is relatively scarce and therefore needed to ensure sustainable and inclusive economic growth.

- Investee companies' **compliance with Investment Manager's SRI exclusion policy**
- Investee companies' **compliance with the controversy analysis process** of the Investment Manager
- Investee companies' **compliance with the PAI policy** of the Investment Manager

Moreover, the Sub-Fund will report on the two following indicators against its benchmark:

- The overall Net Environmental Contribution (NEC),
- The share of investments in companies implementing carbon emission reduction initiatives aimed at aligning with the Paris Agreement.

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

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**[6] : 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).

- **Companies affected by a level 3/3 controversy**[7] : 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**[8] **rating below 3/5** : The SPICE methodology 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.

[5] Ibid
[6] Ibid
[7] Ibid
[8] More information can be found on the website page indicated at the end of this document.

- **As per Sycomore AM's Principle Adverse Impact (PAI) policy**[9] : 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".

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

Adverse impacts on sustainability factors involve indicators at two levels:

1. **For sustainable investments only: a PAI policy** directly drawing from indicators of Table 1 of Annex I and any relevant indicators in Tables 2 and 3.
2. **For all investments of the financial product**: the SPICE analysis framework covers all issues targeted by all adverse sustainability indicators, with ability to use them to feed the analysis.

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.

<u>PAI policy</u>: each sustainability factor targeted by Table 1 of Annex I was associated with an exclusion criterion detailed in Sycomore AM's PAI policy.

<u>SPICE rating:</u> The SPICE methodology covers all environmental, social and governance issues targeted by the indicators for adverse impacts on sustainability factors listed within the Regulatory Technical Standards.

More specifically, Sycomore AM's fundamental analysis model SPICE, is an integrated model, allowing to get a holistic view of companies of the investment universe. It was built taking into account OECD guidelines for Multinational Enterprises. It fully integrates ESG factors to capture how companies are managing adverse impacts as well as key sustainable opportunities following a double materiality approach. Sycomore AM's PAI policy details how the issues covered by PAIs are covered by SPICE.

<u>Exclusion policy</u>: Finally, Sycomore AM's exclusion policy targets adverse sustainability impact indicators including controversial weapons, exposure to fossil fuel sector, chemical pesticide production, and more broadly was drafted to target companies in breach of the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.
Once the analysis – SPICE analysis including review of controversies, exclusion policy compliance, PAI policy compliance – is performed, it impacts investment decisions in the following ways:

- As indicated in the previous question, it provides a safeguard against significant harm to any sustainable investment objective, by excluding companies not meeting minimum safeguard requirements;

- It also impacts the investment decisions in two ways: 1. assumptions related to the company's prospects (growth and profitability forecasts, liabilities, M&A, etc.) can be fed by certain SPICE outputs as relevant, and 2. some core assumptions of valuation models may be linked to SPICE outputs.

[9] Ibid

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 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, quality of governance and degree of integration of sustainability issues, as well as 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.

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

☒ Yes, as indicated in the previous sub-section:

- Principal adverse impacts, as well as all other adverse impacts, are considered for any investment of the portfolio through SPICE analysis and outputs, complemented by Sycomore AM's exclusion policy.
- In addition, to qualify as a sustainable investment, any investment must comply with the PAI policy specifically addressing principal adverse impacts.

Information on principal adverse impacts on sustainability factors shall be made available in the annual report of the 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 Sub-Fund's selected companies have one or more activities related to energy, transportation and mobility, renovation and construction, circular economy and ecosystems (water, pollution, agriculture, food processing, forestry, fishing…).

These stocks, which at all times represent at least 80% of net assets, are selected from European equity markets, without any sector or capitalisation constraints, based on fundamental analysis. The aim of this stock selection process is to identify quality companies whose market price does not reflect the intrinsic value assessed by the management team. The process of researching and selecting stocks in the investment universe includes binding extra-financial criteria and overweights companies whose

ESG criteria are consistent with sustainability objectives. Please refer to the Sub-Fund's prospectus for more details on the investment strategy.

The investment strategy of the Sub-Fund fully integrates ESG (Environment, Social (including Human Rights) and Governance) issues. This integration is conducted through the Management Company (Sycomore Asset Management)'s proprietary "SPICE" methodology introduced above and described in the ESG integration policy available on the website.

We aim at identifying risks and opportunities to which companies are exposed following a double materiality approach, and more specifically:

- On the Environment, the E pillar assesses how companies take into account the preservation of the environment in the management of their activities as well as in their offer of products and services. It also looks at how the environment may affect the company's business. It fully integrates the analysis of the exposure to transition and physical risks;
- On the Social, the P, S and C pillars aim at understanding how companies incorporate risks and opportunities related to human capital, suppliers and clients relationships as well as the society at large. In particular, the respect of working rights, the health and safety of the employees, the quality of the working environment, the societal contribution of the products and services, the capacity of companies to contribute to quality jobs creation and the respect of human rights in the entire value chain of companies are key issues covered through the analysis.
- On the Governance, the I pillar looks at how companies acknowledge the interests of all stakeholders by sharing value equitably. It notably includes the analysis of the governance structure, the alignment of the top management with the strategy as well as the quality of the integration of sustainability issues into the strategy.

The investment universe of the Sub-Fund is built according to a minimum SPICE rating, but also to specific criteria of the overall SPICE methodology (see next item on binding elements of the investment strategy).

The SPICE methodology also enables to assess companies' exposure to the United Nations Sustainable Development Goals (SDGs).

Within the People or P pillar, the evaluation of human capital management 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 & Subcontractors or S pillar, the assessment of the societal contribution is based on the analysis of positive and negative contributions from business activities under 4 dimensions (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 or E pillar, the 5 issues covered (climate, biodiversity, water, waste/resources and air quality) are related to environmental SDGs 2, 6, 7, 9, 11, 12, 13, 14 and 15.

The main methodological limits are :

- The availability of data to conduct ESG analysis;
- The quality of the data used in the assessment of ESG quality and Impact as there are no universal standards related to ESG information and third party verification is not systematic;
- The comparability of data, as not all companies publish the same indicators;

- The use of proprietary methodologies, which relies on the experience and skills of the asset manager’s staff.

What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

The following binding criteria apply to the Sub-Fund.

<u>At investment level</u>, the Sub-Fund will make sustainable investments based on the following set of selection and exclusion filters, applicable to all investments of the financial product:

- **A filter of selection** dedicated to environmental contribution based on the NEC metric: within the environmental pillar of our SPICE methodology, the **NEC score has to be strictly positive**.

- **An additionnal filter of selection** is used to identify sustainable investments:
  - **Either having an environmental objective**, in order to identify companies whose business models are positively contributing to the ecological transition according to the NEC and commonly qualified as green: within the environmental pilar of SPICE, the Net Environmental Contribution (NEC) score has to be equal or above 10%. Among them, the Sub-Fund commits to a minimum share of environmentally sustainable investments as per Taxonomy Regulation. Such investments shall comply with the requirements set out in the Taxonomy Regulation, cumulatively the technical screening criteria involving the substantial contribution to one environmental objective and the do no significant harm criteria, as well as minimum social safeguards.
  - **Or having a social objective**, based on at least one of the following criteria:
    - Companies with a “Happy@Work” rating above or equal to 4.5/5; or
    - Companies with a “Good Jobs” Rating above or equal to 55/100; or
    - Companies with a Societal Contribution of products and services above or equal to +30%.
- **A filter of exclusion**: Companies are excluded if the sustainability risks identified are likely to jeopardize their competitiveness or have a major negative impact. A company is thus excluded if:
  - it is involved in activities identified in Sycomore AM SRI exclusion policy for their controversial social or environmental impacts, or
  - it obtained a SPICE rating below 3/5, or
  - it is affected by a severe controversy (rating 3/3 in Sycomore AM controversies rating tool); or
  - it is targeted by Sycomore AM's Principle Adverse Impact (PAI) policy.

In addition, the Sub-Fund excludes investments in companies referred to in the Paris-aligned Benchmark (PAB) exclusions (Article 12(1)(a) to (g) of CDR (EU) 2020/1818).

In case of overlap between two exclusions applied by the Sub-Fund, the stricter threshold shall apply.

As a result of the binding elements, the eligible investment universe is reduced by at least 25% compared to the initial investment universe (as described in the Sub-Fund's prospectus). The threshold will be increased to 30% starting from January 1st, 2026.

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

At product level, the Management Company aims at having a better result compared to the Sub-Fund's benchmark on the two following indicators[10]:

- The overall Net Environmental Contribution (NEC);
- The share of investments in companies implementing carbon emission reduction initiatives aimed at aligning with the Paris Agreement.

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

Governance is part of the SPICE analysis, including a dedicated governance section within the "I" pillar involving a significant focus on governance bodies, and integrating other governance items into the other pillars, 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 pillar.

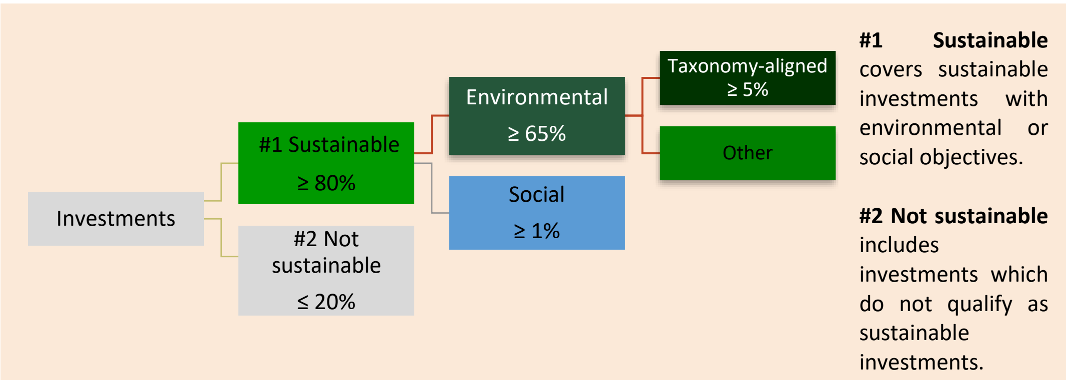
Requirements to exclude from the investable universe insufficient governance practices from the "G" section, associated with a minimum threshold, can be found in Sycomore AM's exclusion policy.

Asset allocation describes the share of investments in specific assets.

What is the asset allocation and the minimum share of sustainable investments?

All the binding criteria described above apply to all the Sub-Fund's investments (excluding cash and derivatives held for hedging purposes).

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



It is worth noting that the percentages mentioned in the graph above are expressed in relation to the Sub-Fund's net assets. When it comes to Sub-Fund's investments in

[10] Additional non-binding indicators are published annually to monitor the Sub-Fund's performance on environment, governance and human rights. More information can be found on the website page indicated at the end of this document.

companies, the Sub-Fund commits to only invest in companies qualifying for sustainable investments under the conditions set forth in this document, i.e 100% of the invested companies qualify as sustainable investments (excluding cash or derivatives).

- ***How does the use of derivatives attain the sustainable investment objective?***

  When futures and derivatives are used for exposing the portfolio to the equity markets, they cannot tend to modify the nature of the Sub-Fund, whose investment strategy is focused on companies which contribute to the energy and ecological transition challenges. These themes also form a part of the counterpart's selection process.

  The Sub-Fund may not hold a short position in any asset selected as ESG, according to its own method of ESG asset selection.

  Apart from efficient and marginal management, the Master Fund's use of derivatives for exposure purposes is necessarily temporary and exceptional.

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

The Sub-Fund aims at making a minimum of 5% of investments into environmentally sustainable investments falling under article 5 of the Taxonomy Regulation (2020/852).

Contributing investments can address any or the six environmental objectives set out in article 9 of the Taxonomy Regulation: a) climate change mitigation, b) climate change adaptation, c) sustainable use and protection of water and marine resources, d) transition to a circular economy, e) pollution prevention and control, f) protection and restoration of biodiversity and ecosystems.

Nonetheless, the quantitative target set in this document, based on best available information to date from underlying companies, is mostly related to the climate change mitigation objective, through renewable energy production for example.
It will be completed going forward as Taxonomy Regulation delegated acts enter into force and that required information is made available by underlyings.

To date the Taxonomy alignment is not subject to an assurance provided by one or more auditors or a review by one or more thirs parties. Nevertheless, the Management Company makes a commitment to do so in regard of the first reporting to come in this regard (i.e in 2024 on the basis of 2023 data) by a reputable independent auditing company.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[11]?

☐ Yes:

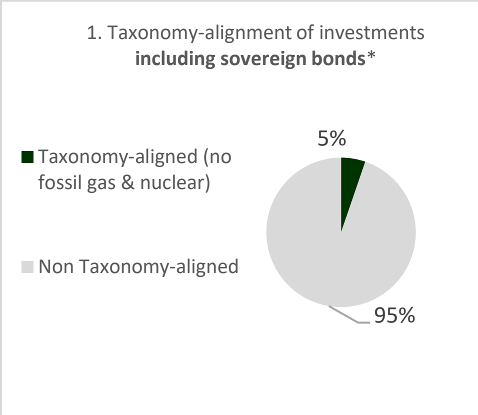
☐ In fossil gas ☐ In nuclear energy

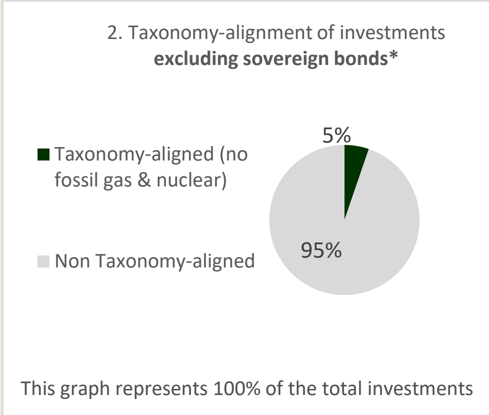
☒ No

The Sub-Fund does not make any commitment regarding any investment in sovereign bonds. As a consequence, graphical figures presented below include the same percentages for both pie charts (including/excluding sovereign bonds).

[11] 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.

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' consist of all sovereign exposures.*

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

While the Sub-Fund commits to make a minimum of 5% of sustainable investments within the meaning of the EU Taxonomy, it does not commit to make investments in transitional and enabling activities within the meaning of the EU Taxonomy and the minimum share of such investments is therefore set at 0%.

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

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

The Sub-Fund will make a minimum of 65% of sustainable investments with an environmental objective.

However, the Sub-Fund commits to invest a minimum of 80% of its net assets (and 100% of investee companies) into sustainable investments, either with an environmental or a social objective.

Sustainable investments with an environmental objective that are not aligned with the EU Taxonomy will be the remaining portion of sustainable investments with an environmental objective (which will make a minimum 65% of net assets), after deduction of sustainable investments with an environmental objective aligned with the EU Taxonomy (which will make a minimum of 5% of net assets).

Two main reasons, inter alia, explain investments with an environmental objective not aligned with the EU Taxonomy:

- Sustainable investments on the one hand are taken as a whole for the purpose of complying with SFDR. Underlyings identified as sustainable investments, based on the criteria described previously (NEC ≥ 10%, DNSH, good governance), therefore contribute 100% of their portfolio weight to the aggregated sustainable investment total at portfolio level. Environmentally sustainable investments on the other hand, only contribute a certain percentage of their activity, the taxonomy-aligned one assessed based on a breakdown of their revenues, to the aggregated taxonomy-aligned investment total at portfolio level.
- The criterion selected to define positive environmental contribution for the purpose of complying with SFDR (NEC ≥ 10%) can target any of the six environmental objectives of the Taxonomy Regulation.

What is the minimum share of sustainable investments with a social objective?

The Sub-Fund will make a minimum of 1% of investments in sustainable investments with a social objective.
However, the Sub-Fund commits to invest a minimum of 80% of its net assets (and 100% of investee companies) into sustainable investments, either with an environmental or a social objective.

What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

Investments included under “#2 Not sustainable” relate to derivatives used for hedging purpose, and to cash or cash equivalent (such as sovereign bonds) held as ancillary liquidity.

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

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.

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

There is no specific index designated as a reference benchmark to meet the sustainable investment objective.

The reference benchmark of the Sub-Fund is a broad market index (MSCI Daily Net TR Europe index, with dividends reinvested).

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://en.sycomore-am.com/funds/20/sfs-sycomore-europe-eco-solutions