

SFDR PRECONTRACTUAL DISCLOSURE ANNEX VI

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

Product name: SYCOMORE NEXT GENERATION (the “Sub-Fund”)
Legal entity identifier: 2221003RK7HRGQ2YS422

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

- It will make a minimum of **sustainable investments with an environmental objective:** ___%

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

- It will make a minimum of **sustainable investments with a social 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 proportion of 25% of sustainable investments
 - with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
 - with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
 - with a social objective
- It promotes E/S characteristics, but **will not make any sustainable investments**

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



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

As mentioned in the prospectus, the investment strategy of the Sub-Fund is socially responsible and based on a discretionary allocation of its net assets among several asset classes.

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 overweighs companies whose ESG criteria are consistent with the

objective of sustainable growth. In the context of Sycomore Next Generation, extra-financial 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.

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

The Sub-Fund will measure the attainment of each of the environmental or social characteristics using the following sustainability *inter alia*:

At investee level :

- **Investee companies' SPICE rating:** SPICE¹ stands for Suppliers&Society, People, Investors, Clients and Environment. This tool 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 90 criteria from which a score between 1 to 5 per letter of SPICE is obtained. These 5 scores are weighted according to the company's most material impacts.
- **On the societal side: the Societal Contribution² 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). The methodology also includes macroeconomic and scientific data sourced from public research institutions, and from independent organizations such as the Access to Medicine Foundation or the Access to Nutrition Initiative.
- **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 metric:
 - **The Happy@Work Environment rating³ :** the analysis framework provides a complete and objective assessment of the level of well-being at work, focusing on: purpose, autonomy, competence, working relations, and fairness.
 - **The Good Jobs Rating⁴** 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

¹ More information can be found on the website page indicated at the end of this document

² Ibid

³ Ibid

⁴ Ibid

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

countries) where employment is relatively scarce and therefore needed to ensure sustainable and inclusive economic growth.

- **On the environmental side** : The **NEC⁵** (Net Environmental Contribution). The NEC is a metric that measures the extent to which a company's business model is aligned with the ecological transition and the climate change mitigation objectives. It ranges from -100% for businesses that are highly damaging to natural capital, to +100% for companies with a strong positive net impact. The NEC covers five impact categories (issues: climate, waste, biodiversity, water, air quality) by group of activities (contributing areas: ecosystems, energy, mobility, construction, production).
- Investee companies' **Good in Tech rating**.
- Issuing States' **compliance with the United Nation Charter**.
- Issuing States' **compliance with the Investment Manager's country rating model**.
- 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

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?***

objective, based on at least one of the following criteria:

- **On the societal side**: investments with a **Societal Contribution of products and services above or equal to +30%**. Companies associated with a Societal Contribution above or equal to the selected threshold make a significant contribution to one or several of SDGs or the SDG's 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:
 - **Investments with a Happy@Work Environment rating** above or equal to 4.5/5.
 - **Investments with a Good Jobs Rating** above or equal to 55/100Companies associated with a Good Jobs Rating or a Happy@Work Environment rating above or equal to the selected thresholds therefore make a significant contribution to SDG 8.

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.

⁵ Ibid

The Sub-Fund will partially make **sustainable investments with an environmental objective**, based on the following criterion: investments with a **Net Environmental Contribution (NEC) above or equal to +10%**. 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.

It is worth noting that the Sub-Fund commits to invest a minimum of 25% of its net assets in underlying assets qualifying for sustainable investments under the conditions set forth in this document, regardless of whether their 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 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 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 such companies are considered in 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) policy⁶** : 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

⁶ More information can be found on the website page indicated at the end of this document

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, going through all issues targeted by all adverse sustainability indicators, with ability to use them to feed the analysis.

PAI policy: each sustainability factor targeted by Table 1 of Annex I was associated with an exclusion criterion:

Applicable to investee companies

- GHG emissions:
 - Indicators #1-2-3-5-6 (GHG emissions scope 1, 2, 3, and total emissions; Carbon footprint; GHG intensity of investee companies ; Share of non-renewable energy consumption and production; Energy consumption intensity per high impact climate sector): for all sectors, GHG emissions are assessed adjusting for company size, relative to their sub-sector, and taking into account science-based decarbonization levels required to keep global temperature increase below 2°C compared to preindustrial temperatures, as described in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change⁷ (IPCC). As a consequence, Sycomore AM's PAI approach to GHG emissions for all sectors relies on science-based target metrics: from the science-based target initiative (SBTi⁸) on the one hand, and on the temperatures computed by the Science-Based 2°C Alignment (SB2A⁹) initiative on the other hand. Companies associated with a temperature exceeding the threshold set in the PAI policy are deemed to significantly harm the climate change mitigation objective.
 - Indicator #4 (exposure to companies active in the fossil fuel sector): companies active in the fossil fuel sector are addressed by Sycomore AM's exclusion policy.
- Biodiversity:
 - Indicator #7 (Activities negatively affecting biodiversity-sensitive areas), complemented by indicator #14 of Table 2 (Natural species and protected areas): these two indicators send a signal that activities in biodiversity-sensitive areas without appropriate mitigation measures might occur. Companies for which this is

⁷ https://unfccc.int/topics/science/workstreams/cooperation-with-the-ipcc/the-fifth-assessment-report-of-the-ipcc?gclid=CjwKCAjw7p6aBhBiEiwA83fGupiyovLRq1NKs9o5UtlotAQQcswzZD30tofiDkgryZ8SIJHtnG5y4BoCEiwQAvD_BwE

⁸ <https://sciencebasedtargets.org/>

⁹ <https://icebergdatalab.com/solutions.php>

confirmed are deemed to significantly harm the objective of protection and restoration of biodiversity and ecosystems. The detailed process for confirming excluded companies is provided in the PAI policy.

- Water:
 - Indicator #8 (Emissions to water): for companies reporting emissions exceeding the threshold set in the PAI policy, further investigation is made on the impact on stakeholders of past emissions, based on controversy reviews. A severe impact not yet fully addressed by the company is deemed to significantly harm the objective of sustainable use and protection of water and marine resources.

- Waste:
 - Indicator #9 (Hazardous waste and radioactive waste ratio): for companies reporting quantities exceeding the threshold set in the PAI policy, further investigation is made on the impact on stakeholders of waste generated, based on controversy reviews. A severe impact not yet fully addressed by the company is deemed to significantly harm the objective of pollution prevention and control.

- UN Global Compact principles/OECD Guidelines for Multinational Enterprises compliance:
 - Indicator #10 (Violations): The aforementioned controversy analysis framework implemented by Sycomore AM precisely aims at identifying violations of these international standards.
 - Indicator #11 (Lack of processes and compliance mechanism to monitor compliance): lack of processes and compliance mechanism to monitor compliance with these international standards is a signal that further due diligence is necessary to conclude on the likeliness of potential violations. More stringent requirements throughout the SPICE analysis, in particular related to Society (S), People (P) and Clients (C) stakeholders, defined in the PAI policy, are then implemented. Any company failing the test will be deemed to significantly harm one or more social objectives.

- 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 deemed to significantly harm the social objective of tackling inequality.
 - Indicator #13 (Board gender diversity): Companies associated with a share of women seating on the company's Board below the threshold set in the PAI policy are deemed to significantly harm the social objective of tackling inequality.

- Controversial weapons: exposure to controversial weapons is specifically addressed by Sycomore AM's exclusion policy.

Applicable to sovereigns and supranationals:

- GHG intensity (indicator #15): GHG intensity is part of the analysis of sovereigns, described in Sycomore AM's ESG integration policy, that allows to exclude low performers across a range of environmental, social and governance matters.
- Investee countries subject to social violations (indicator #16): similarly, the analysis framework applicable to sovereigns addresses adherence to the Charter of the United Nations. In addition, a set of indicators allows to assess government practices in terms of sustainable development and governance, including in particular corruption, human rights and social inclusion.

SPICE rating:

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 Regulatory Technical Standards.

Out of the 46 adverse sustainable indicators applicable to investee companies – excluding one item dedicated to bond investments (14 principal adverse impact indicators listed in Table 1, as well as 32 additional adverse impact indicators listed in Table 2 and Table 3), 42 indicators (23 environmental indicators and 19 social indicators) tackle adverse impacts reviewed during the SPICE analysis, and 4 indicators (1 environmental indicator and 3 social indicators) relate to adverse impacts targeted by Sycomore AM's exclusion policy.

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.

Examples of matching between adverse impacts and SPICE items include inter alia:

Society & Suppliers (S): The S rating reflects the performance of the company with respect to its suppliers and civil society. Analysis relates to the societal contribution of products and services, corporate citizenship, and the outsourcing chain. Adverse sustainability indicators including lack of a supplier code of conduct, insufficient whistleblower protection, lack of a human rights policy, lack of due diligence, risks related to human beings trafficking, child labour or compulsory labour, cases of severe human rights issues, and risks related to anti-corruption and anti-bribery policies, tackle adverse impacts addressed within the Society & Suppliers section.

People (P): The P rating focuses on a company's employees and its management of human capital. The assessment of the People pillar covers the integration of people-related issues, employees' fulfilment (Happy@Work environment), and measurement of employee engagement. Adverse sustainability indicators including unadjusted gender pay gap, board gender diversity, workplace accident prevention policies and health & safety indicators,

employee's grievance mechanisms, discrimination, and CEO pay ratios tackle adverse impacts addressed within the People section.

Investors (I): The I rating focuses on the relation between companies and their shareholders. The rating is assigned based on an in-depth analysis of the company's shareholder and legal structure and of the interactions and power balance between different players: management, shareholders and their representatives, directors. Analysis targets the business model and governance. Among adverse sustainability indicators, lack of diversity at board level and excessive CEO pay-ratio tackle adverse impacts addressed in that section.

Clients (C): The C rating focuses on the company's clients as stakeholders, analyzing the offer made to clients as well as customer relationship.

Environment (E): The E rating assesses how the company stands with regards to natural capital. It accounts for management of environmental issues as well as positive or negative externalities of the company's business model. The operations environmental footprint subsection addresses adverse impacts targeted by adverse sustainability impact indicators including greenhouse gas emission indicators, 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 activities tackles adverse impacts that are addressed by the Transition Risk subsection of that E section.

Exclusion policy: 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 financial investment case 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 are systematically linked to SPICE outputs.

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

The development of Sycomore AM's 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.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do not significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

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



Does 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 of Sycomore Next Generation (denominated in EUR) is socially responsible and based on a discretionary allocation of its net assets among several asset classes. The two main performance drivers 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,

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

Lastly, the Sub-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 Sub-Fund may hold cash on an ancillary basis.

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 described in the previous question related to the DNSH approach. This analysis takes into account 90 qualitative or quantitative criteria, structured around the five key stakeholders (Suppliers and civil society, People, Investors, Customers and Environment). Each pillar of SPICE is given a score on a scale of 1 to 5 and their weighted average, based on the company's underlying sector and business lines, constitutes the overall SPICE rating.

Through the integration of ESG criteria into the investment strategy of the Sub-Fund, 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 (2.5/5), but also to specific criteria of 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 Sub-Fund also undertakes to report annually on the portfolio companies' exposure to SDGs.

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 each of the environmental or social characteristics promoted by this financial product?***

The following binding criteria apply to the Sub-Fund.

At investee level, the Sub-Fund will make 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, by selecting 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) strictly superior to 0% within the Environment pillar of our SPICE methodology;
 - A **Societal Contribution** strictly superior to 0% within the Society 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 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:

- it is involved in activities identified in Sycomore AM SRI exclusion policy for their controversial social or environmental impacts, or
- obtained a SPICE rating less than or equal to 2.5/5, or
- if the company is affected by a level 3/3 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 Sub-Fund’s Benchmark on the two following indicators:

- Net Environmental Contribution
- Societal contribution of products and services

In addition, the Sub-Fund commits to the following binding element:

- At least 25% of the net assets of the Sub-Fund are invested in sustainable investments, either with an environmental objective, or a social objective. It is worth noting this percentage is expressed in relation to the fund’s net assets. When it comes to Sub-Fund’s investments in companies, the Sub-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.

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

Following the application of the investment strategy, the eligible investment universe of the Sub-Fund is reduced by at least 20% compared to the initial investment universe. i.e. international equities 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 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.

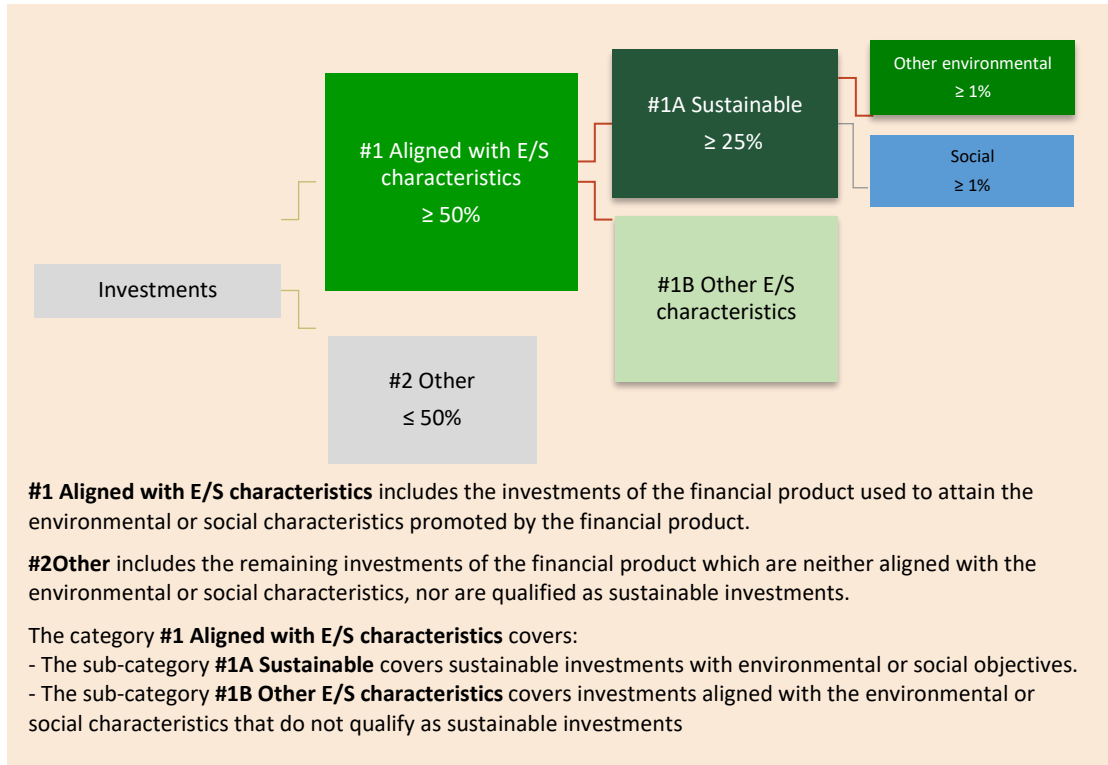
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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.

What is the asset allocation planned for this financial product?

Aforementioned 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 Sub-Fund (excluding cash or derivatives held for liquidity purposes).

Asset allocation describes the share of investments in specific assets.



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, and under normal market circumstances.

When it comes to the Sub-Fund's investments in companies, the Sub-Fund commits that minimum 50% of invested companies will be sustainable investments under the conditions set forth in this document. Investments in companies include any financial instrument issued by a company (such as shares and bonds).

The purpose of the remaining proportion of the investments, including a description of any minimum environmental or social safeguards is indicated at the question "What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?".

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

The policy for using derivatives, whose underlying assets are subject to the SPICE analysis process, is compatible with the objectives of the Sub-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 Sub-Fund is invested. The Sub-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?

N/A

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹⁰?

Yes:

In fossil gas In nuclear energy

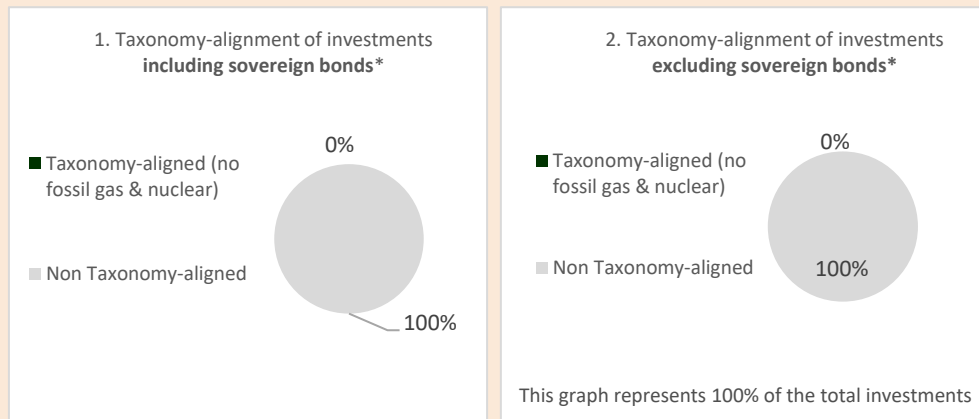
No

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.

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?**

N/A

¹⁰ 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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

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


However, the Sub-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.



What is the minimum share of socially sustainable investments?

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

However, the Sub-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.

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

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



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

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.



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

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



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/SFS-Sycomore-Next-Generation>

