

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 which lists **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective may or may not be aligned with the Taxonomy.

Product name: SYCOMORE ALLOCATION PATRIMOINE
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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 of 20% 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**

1



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

The Sycomore Allocation Patrimoine fund is a feeder fund (the “Feeder Fund”) that permanently invests at least 95% of its net assets in units of the Sycomore Next Generation sub-fund of the Luxembourg SICAV Sycomore Fund SICAV (the “Master Fund”). As such, the environmental and/or social characteristics of the Feeder Fund must be taken into account at the level of the Master Fund.

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

The Feeder Fund promotes environmental and social characteristics through its investments in the Master Fund by relying on Sycomore AM’s internal “SPICE” ESG (Environmental, Social, Governance) methodology described below.

It is composed of at least 20% sustainable investments as defined below and described in the Management Company’s ESG documentation.

It also aims to outperform its benchmark index with respect to two ESG indicators detailed in the following question.

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

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

The assessment of the Feeder Fund’s attainment of the environmental and social characteristics it promotes through its investments in the Master Fund is based in particular on the following sustainability indicators:

- **SPICE ratings of companies held:** SPICE^[1] stands for Society & Suppliers, People, Investors, Clients and Environment. This tool assesses the sustainability of corporate performance. It integrates the analysis of economic, governance, environmental, social, and societal risks and opportunities into the commercial practices and product and service offerings of companies. The analysis takes into account a selection of criteria from which a score between 1 and 5 per SPICE letter is obtained. These 5 ratings are weighted such that environmental (SPICE rating E), social (SPICE Ratings S, P & C) and governance issues each make up 20% of the final rating, with the weighting varying depending on the sector.
- **Minimum amount of sustainable investments:** The Master Fund invests partly in sustainable investments, i.e. economic activities that contribute to an environmental or social objective, provided that these investments do not significantly harm said objectives and that the investee companies follow good governance practices.

Additionally, as part of the SRI label, the Master Fund undertakes to outperform its financial benchmark with respect to the following two indicators:

- **Net environmental contribution (NEC)**^[2]: The NEC enables investors to measure to what extent a given business model contributes to the ecological transition. The score is calculated on a scale from -100%, for the activities that are the most damaging to the environment, to +100% for activities providing a strong positive environmental impact. The NEC targets five impact categories (challenges: climate, waste, biodiversity, water, air quality) by business group (areas of contribution: ecosystems, energy, mobility, construction, production)
- **Carbon intensity.**

^[1] More information is available in Sycomore AM's ESG integration policy, which is available on its website: <https://en.sycomore-am.com/esg-research-material>

^[2] Ibid

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

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

In order for an investment to be classified as a sustainable investment, the following requirements must be met:

- 1) the achievement of a minimum score on at least one of the indicators of positive contribution set out in Sycomore AM's definition of sustainable investment;
- 2) absence of significant harm;
- 3) good governance practices.

These elements are detailed in Sycomore AM's [ESG integration policy](#).

● ***How do the sustainable investments that the financial product particularly intends to make not cause significant harm to any environmental or social sustainable investment objective?***

For investments classified as sustainable that the financial product may partially make, four elements are put in place at Master Fund level to prevent sustainable environmental or social objectives from being significantly affected:

1. **The management company's SRI exclusion policy**^[3]: Certain activities are considered not sustainable due to their controversial social or environmental impacts, as defined in Sycomore AM's basic policy (applicable to all direct investments of Sycomore AM) and in the Socially Responsible Investment (SRI) policy (applicable to all UCITS, mandates and dedicated funds managed according to an SRI strategy).
2. **Companies affected by a serious controversy**^[4], identified based on the Investment Manager's in-depth analysis of controversies. Companies classified as having the most serious controversies are considered to be in breach of one of the principles of the United Nations Global Compact.
3. **Minimum SPICE rating**: The SPICE methodology covers all environmental, social, and governance issues targeted by the indicators of adverse impacts on sustainability factors listed in the Regulatory Technical Standards. A rating that is too low indicates a potentially lower sustainability performance on one or more adverse impacts.

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.

4. According to Sycomore AM's Principal Adverse Impact (PAI) policy^[5]:

A PAI policy to identify additional risks of significant impacts on the environmental and social issues covered by the PAI indicators listed in Table 1 of Annex I of the SFDR Regulation is implemented.

^[3] More information is available in Sycomore AM's exclusion policy, which is available on its website: <https://en.sycomore-am.com/esg-research-material>

^[4] More information is available in Sycomore AM's ESG integration policy, which is available on its website: <https://en.sycomore-am.com/esg-research-material>

^[5] More information is available in Sycomore AM's Principal Adverse Impact policy, which is available on its website: <https://en.sycomore-am.com/esg-research-material>

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

At Master Fund level, the indicators for adverse impacts are taken into account by the Management Company: The policy on taking into account indicators for principal adverse impacts is available on Sycomore AM's website.

In particular, the SPICE methodology covers all environmental, social, and governance issues targeted by the indicators of adverse impacts on sustainability factors listed in the Regulatory Technical Standards.

More specifically, Sycomore AM's **SPICE fundamental analysis model** is an integrated model that provides a holistic view of companies in the investment universe. It has been developed taking into account the OECD Guidelines for Multinational Enterprises. It fully integrates ESG factors in order to understand how companies manage adverse impacts as well as key sustainable opportunities using a dual materiality approach.

Sycomore AM's **Principal Adverse Impact policy** sets out how the issues covered by the PAI are covered by SPICE.

Furthermore, **Sycomore AM's exclusion policy** targets indicators of adverse sustainability impacts, including controversial weapons, exposure to thermal coal, production of chemical pesticides, and more generally, has been drafted to target companies that violate the principles of the United Nations Global Compact and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

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

The development of Sycomore AM's "SPICE" analytical framework and exclusion policy are based on the OECD Guidelines for Multinational Enterprises, the United Nations Global Compact, International Labour Organization standards and the United Nations Guiding Principles on Business and Human Rights. To assess the fundamental value of a company, at the Master Fund level, analysts systematically examine how a company interacts with its stakeholders. This fundamental analysis aims to understand the strategic issues, business models, quality of governance and degree of integration of sustainability considerations, as well as the risks and opportunities facing the company. Sycomore AM has also defined its human rights policy in accordance with the United Nations Guiding Principles on Business and Human Rights.

Despite the due diligence described above to identify potential violations of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, it is never possible to guarantee that the issuers analysed are in full compliance.

The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

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



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

☒ Yes,

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

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

☐ No



What investment strategy does this financial product follow?

The Feeder Fund invests at least 95% of its net assets in units of the Master Fund.

The investment strategy of Sycomore Allocation Patrimoine, as a feeder fund of the Luxembourg sub-fund Sycomore Next Generation (the “Master Fund”), is socially responsible. The investment strategy of the Master Fund is based on a discretionary allocation of its net assets between several asset classes. The two main drivers of performance of the Master Fund, and therefore the Feeder Fund, are:

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

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

The Master Fund may hold ancillary liquid assets.

Please refer to the Feeder Fund’s prospectus for more details on the investment strategy.

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

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

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

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

● ***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 mandatory criteria apply to the Master Fund.

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

- **Selection filter** for the main ESG opportunities: the aim of this filter is to favour companies with sustainable development opportunities. The Master Fund will select companies issuing shares and/or bonds that achieve a satisfactory rating on at least one of the following criteria of Sycomore AM's SPICE methodology, namely:
 - **Happy@Work**; or
 - **NEC** ("Net Environmental Contribution"); or
 - **Societal contribution of companies' products and services**; or
 - **Good in Tech** (i.e. 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).

In addition, a **minimum SPICE rating** is applied.

- **Exclusion filter**: This filter excludes companies which present sustainability risks that could call into question those companies' competitiveness or that could be the source of serious adverse impacts. A company is excluded from the Master Fund if:
 - it is involved in activities identified in **Sycomore AM's SRI exclusion policy** for their controversial social or environmental impacts;
 - it is affected by a **serious controversy**; or
 - it is involved in activities falling within the scope of the **exclusions applicable to Paris-Aligned Benchmarks (PAB)** (Article 12(1) points a) to g) of Delegated Regulation (EU) 2020/1818 of the European Commission).

In case of overlap between two opt-out thresholds applied by the Fund, the strictest threshold applies.

- The selection and exclusion filters described above ensure that, at all times, **the selectivity ratio is at least 30%** relative to the Master Fund's initial universe, as described in the Feeder Fund's prospectus.

For government bonds:

- Exclusion filter: Based on the United Nations Global Compact: Countries that are not signatories to the UN Global Compact are excluded from the investment universe. In addition, countries targeted by international financial sanctions are also excluded.
- Selection filter: With a minimum rating in the Sycomore AM country rating model. The ESG rating model is based on 5 criteria: environment, governance, economic health, corruption and human rights, and social inclusion.

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

- Net environmental contribution (NEC);
- Carbon intensity.

Additionally, the Master Fund makes a binding commitment to invest at least 25% of its net assets in sustainable investments that have either an environmental or a social objective. The sustainable investment definition applied by the Management Company in accordance with the EU Regulation known as SFDR is available in the ESG integration policy published on the website.

It should be noted that the percentages mentioned in the chart above are expressed in relation to the net assets of the Master Fund. In the case of investments by the Master Fund in companies, the Master Fund undertakes to make at least 50% of its investments in companies that meet the sustainable investment criteria in accordance with the conditions set out in this document, that is, 50% of the companies held at the level of the Master Fund will be sustainable investments.

The main methodological limits associated with the non-financial approach are as follows:

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

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

As part of its investment strategy, the Master Fund's eligible investment universe is narrowed down by at least 30% compared to the initial universe (as described in the Feeder Fund's prospectus).

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



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

Taxonomy-aligned activities are expressed as a share of: **turnover** reflecting the proportion of revenue derived 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 the green operational activities of investee companies.

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

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

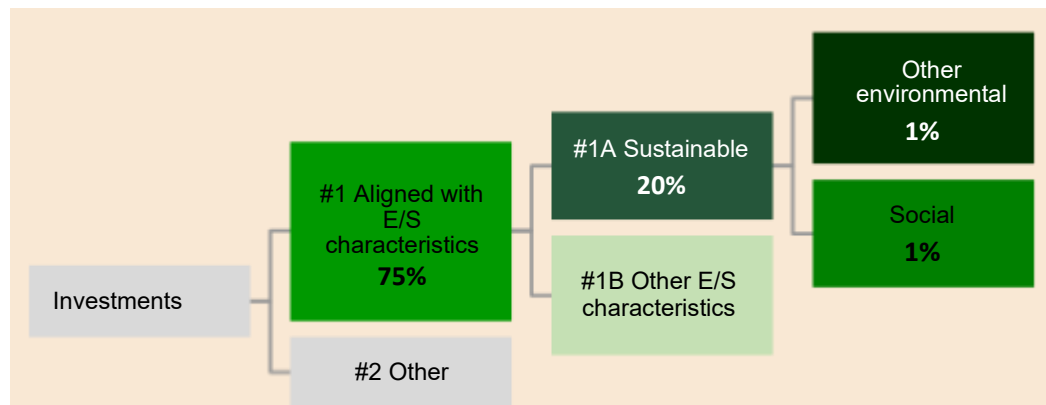
Other requirements to exclude from the investment universe insufficient governance practices in section “G”, associated with a minimum threshold, are included in Sycomore AM’s exclusion policy.

What is the asset allocation planned for this financial product?

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

The Feeder Fund’s asset allocation as a result of its investments in the Master Fund is shown in the chart below.

The asset allocation figures shown below are pre-contractual minima expressed as a percentage of net assets and are not indicative of a target allocation. For information on the percentages achieved, please refer to the annual report.



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

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

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

- The sub-category **#1A Sustainable** covers sustainable investments with environmental 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.

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

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

Due to the Master-Feeder structure, the Feeder Fund invests at least 95% of its net assets in the Master Fund. Consequently, compared with the Master Fund, the asset allocation is affected by an additional 5% in cash, which is shown under the “Other” category.

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

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

The Feeder Fund does not use derivatives.

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

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



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

N/A

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

☐ Yes:

☐ In fossil gas

☐ In nuclear energy

☒ No

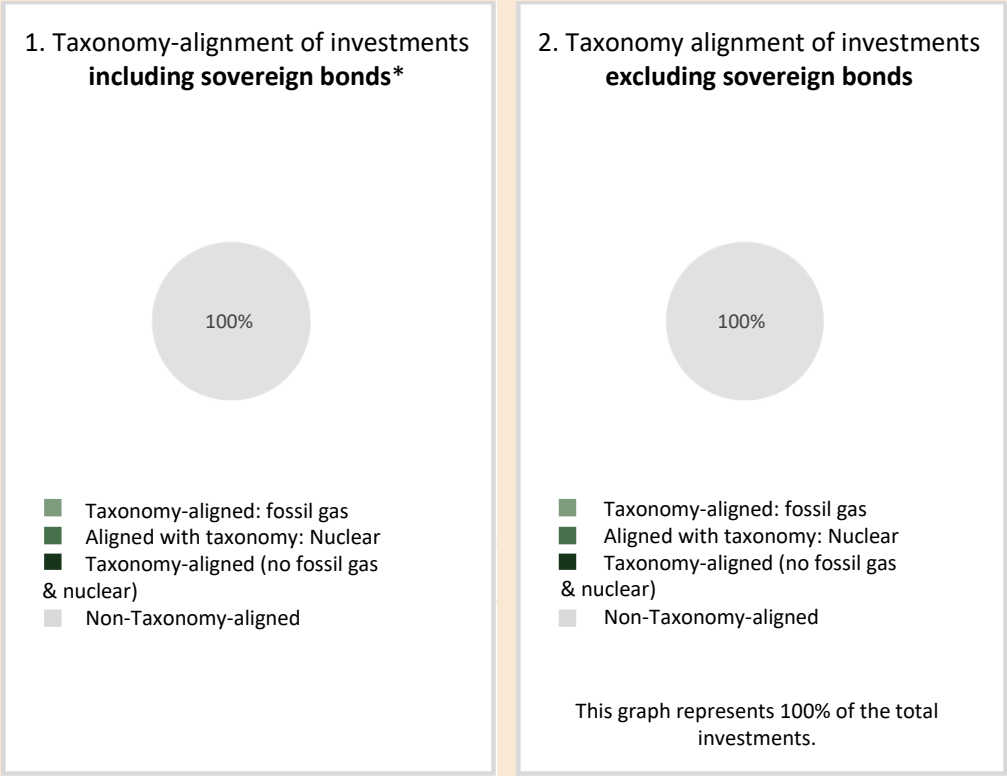
1. Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (‘climate change mitigation’) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy related economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable electricity or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive rules on nuclear safety and waste management.

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

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best possible performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



** For the purpose of these graphs, “sovereign bonds” include all sovereign exposures.*

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

N/A

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

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

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

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

 **What is the minimum share of socially sustainable investments?**

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

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



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

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

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

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



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

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.

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable



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

<https://en.sycomore-am.com/funds/12/sycomore-allocation-patrimoine>