

Introducing Net Environmental Contribution metrics

Objectives

- Develop metrics to identify new opportunities aligned with Sycomore AM's responsible investment values and assess environmental impact at portfolio level.
- Develop methodological frameworks to evaluate companies in terms of their energy and ecological transition across 6 industrial sectors (food, textiles, cosmetics, domestic appliances, etc...).
- Adopt a multicriteria approach, assessing businesses' most material lifecycle impacts.

Quantis Solutions



Identify sectors' key environmental hotspots across their entire value chain.



Benchmark sectoral disclosures to build a metric-based approach.



Develop a scoring methodology ranging between -100% and 100%.



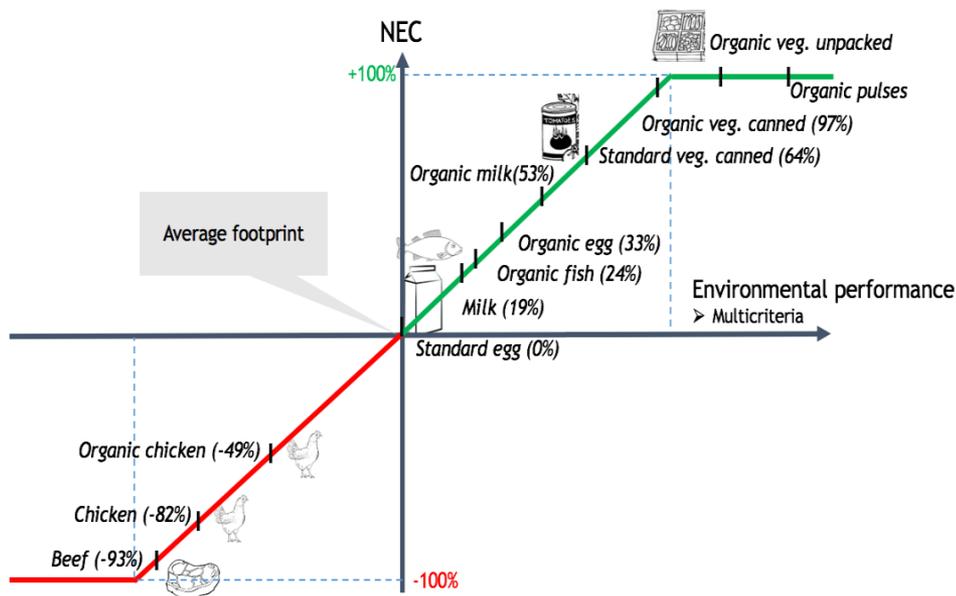
Apply scores to companies within Sycomore AM's Investment Universe and European indexes.

“ We are building a metrics-based environmental assessment methodology, to advocate for more transparency in the financial sector. Quantis' work is fully aligned with this approach”

Jean-Guillaume Péladan

Head of environmental investments + research
Sycomore AM

Applying NEC metrics to food products



Source: FAO, FOODGES, calculation Quantis 2017.

- To assess the impact of food products per functional unit, the different “services” they provide must be considered separately. As a result, an average environmental footprint per type of nutrient was defined and compared to product footprint and nutritional value.
- The resulting scores are then applied to a company’s revenue breakdown per product type, to determine whether it provides “environmentally efficient” sources of nutrients.

Key findings

→ Across different sectors, different metrics can be used to assess a company’s most material environmental impacts.

→ Companies can be ranked according to the nature of their activities and the resulting risks, for Sycomore AM to establish best practice, beyond the requirements listed in Article 173 of the French law on Energy Transition and Green Growth.

Client actions

→ The methodology was applied to all relevant companies in the Investment Universe.

→ The NEC indicator is now a new parameter in Sycomore AM’s portfolio management.

→ The methodology is open-sourced, to facilitate peer discussions and promote responsible investment.