



SOCIETAL CAPITAL STRATEGY AND METHODOLOGY PRINCIPLES

SYCOMORE ASSET MANAGEMENT

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CONTENTS

Introduction	3
1. Background.....	3
2. The Societal Contribution of a Business - overview.....	4
3. A metric integrated within our SPICE analysis model.....	4
4. A tool serving our socially responsible investment strategies	5
Methodology used to assess the Business Societal Contribution.....	6
1. Target issues.....	6
2. Calculation methodology	9
3. The Societal Contribution of products and services	10
3.1. Methodology principles	10
3.2. Calculation methodology	12
3.3. Example of sector frameworks: Utilities	12
4. Societal Contribution of Employment.....	14
5. Limits and future developments	18



Objective

The aim of this document is to share our approach to societal capital and the methodology we apply when analysing a **company's societal contribution** with all of our stakeholders, and particularly with the companies we target in our investments. This report is fully consistent with our philosophy and positioning as a responsible investor. It serves as a guide to the dialogue we hold with our stakeholders, our in-house developments and our investment strategy.

Introduction

1. Background

According to estimates, between 5,000 and 7,000 billion dollars are needed to achieve the United Nations' 2030 Agenda and Sustainable Development Goals (SDGs). Worldwide assets under management are expected to reach around 145,000 billion dollars by 2025. It is therefore necessary and pertinent to channel more private capital towards investments supporting the SDGs, while ensuring that this capital does not fund businesses that hinder the efforts already being made to achieve these objectives.

We are therefore convinced that the financial world has a key role to play in developing an economy able to address major environmental, social and societal challenges: it is our responsibility to make investment decisions that serve a more durable and inclusive economy, and to encourage companies in their transformation as they strive to respond to these issues.

It was against this backdrop that we drew up Sycomore AM's "raison d'être", based on the following wording:

"We invest to develop an economy that is more sustainable and inclusive and to generate positive impacts for all of our stakeholders. Our mission: make investment more human."

As far as the "Society" stakeholder is concerned, our main lever for creating positive contributions is to be found within our investment strategies. This is why, to serve our "raison d'être", we have committed to **measuring and improving the societal contribution of our investments while providing transparency and educational information for our clients**. This commitment has been added to the company's articles of incorporation.

Putting this commitment into practice requires the development of tools that will enable us to measure and account for the contribution of our investments to the transformation of the economy. With this goal in mind, **Sycomore AM began developing the proprietary methodology shown below, dedicated to Business Societal Contribution, in 2016.**

Beyond our approach as a responsible investor, **Sycomore AM also intends to contribute positively to Society through corporate citizenship, as a company**. Created in 2013, the Sycomore corporate foundation supports a large number of initiatives led by charities and designed to build bridges between the younger generations and the corporate world. Every year, Sycomore AM donates 1% of its operating income to the Sycomore Foundation. In this spirit, starting in 2020, a share of the management fees earned by the **Sycomore Shared Growth** fund is now being channelled to high societal impact projects with a focus on the issue of "heritage", in partnership with the Fondation Entreprendre.



2. *The Societal Contribution of a Business - overview*

More than a simple ESG factor, **the Business Societal Contribution is a quantitative metric, on a scale of -100% to +100%, which combines the positive and negative societal contributions of a company's different activities.** The present document provides details on the methodological principles.

Quantifying the societal impacts of economic activities is a vast area that is undergoing major change. The task comes with many challenges, starting with the diverse nature of the issues and their interactions, the difficulty in objectifying and quantifying societal phenomena, local specificities, and the lack of consensus around the solutions able to address these problems. Aware of these difficulties - which call for great humility in terms of precision and exhaustivity - **the purpose of the metric developed by Sycomore AM is to compare different business models and how they can address the major societal issues we are currently facing, as objectively as possible.**

In doing so, the methodology draws on the **societal aspects of the United Nations' 17 Sustainable Development Goals (SDGs) and their 169 sub-goals (or targets)**, which provide a shared roadmap for private and public sector players for 2030, designed to create a better and more sustainable future for all of us¹. Our 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.

Finally, while the principles described in the present document are aimed at ensuring the consistency of our methodology over time, the latter will evolve and be enhanced as standards and available data continue to develop.

3. *A metric integrated within our SPICE analysis model*

Assessing the positive and negative externalities for society generated by companies is integrated within our proprietary fundamental corporate analysis model, SPICE.

The **S letter of the SPICE model** is dedicated to Suppliers & Society, as stakeholders.

The **Societal Contribution** is included within the Society pillar, which actually covers a great variety of stakeholders: local communities, governments and international organisations, Non-Governmental Organisations and more widely, citizens. In this sense, the **Society rating** is not so much focused on the specific interests of a given stakeholder, but looks at **assessing the extent to which companies contribute to the common good.**

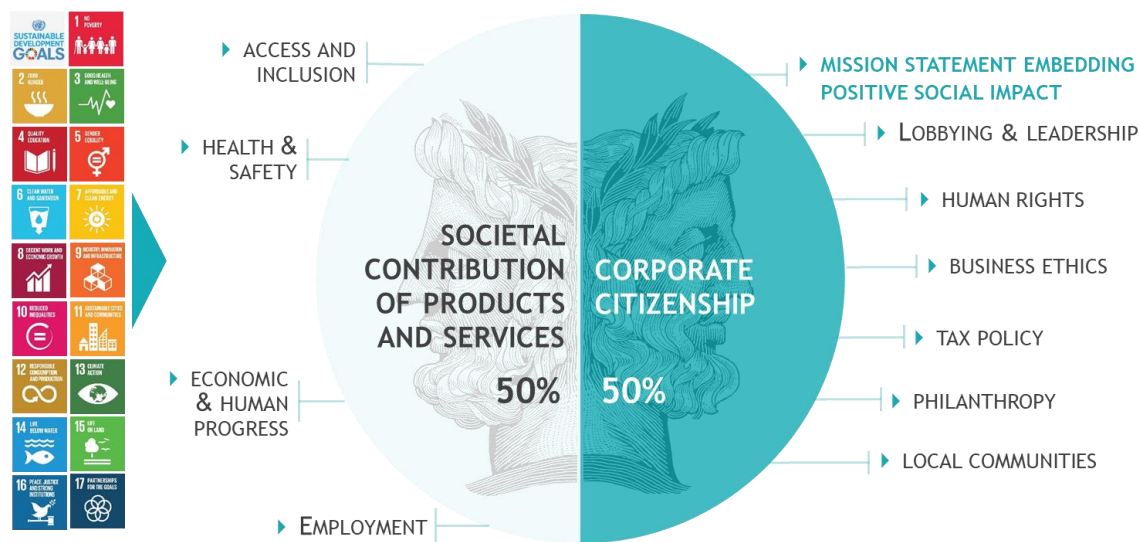
Since 2016 Sycomore AM has strengthened the methodology used to analyse a company's societal contribution. This methodology is two-fold:

- The **Societal Contribution** of a given activity assesses a company's contribution based on its business model, more precisely through the products and services but also the jobs it provides. The main societal issues have been summarised and split into 4 pillars: **Access & Inclusion, Health & Safety, Economic & Human progress, and Employment.**

¹ For more information on the 2030 Agenda and the Sustainable Development Goals, please refer to: <https://www.un.org/sustainabledevelopment/fr/objectifs-de-developpement-durable/>



- The **Corporate Citizenship angle** assesses the contribution of the company based on the manner in which it operates, according to 7 qualitative criteria: **Corporate Mission with Positive Societal Impact, Influence and Proactivity, Human Rights, Business Ethics, Responsible Taxation, Donations & Patronage, Local Communities.**



4. A tool serving our socially responsible investment strategies

In 2016, the **societal positioning factor**, which preceded the **Business Societal Contribution**, formally replaced the job creation metric used among other selection criteria to pick stocks for the Sycomore Selection Responsible fund. Launched in 2011, **Sycomore Sélection Responsable** seeks to invest in companies that contribute positively to the United Nations' Sustainable Development Goals, based on a multi-themed socially responsible investment process.

In 2017, Sycomore AM extended its range of SRI thematic funds with the launch of **Sycomore Shared Growth**. Based on the assumption that a positive societal contribution is a key factor for ensuring the sustainability of a company's growth, the fund invests in companies that provide solutions to the world's major societal challenges. The fund was created following the transformation of an earlier strategy, **Sycomore European Growth**, launched in 2002: having employed a defensive positioning with a bias in favour of growth companies since its launch, including a new selection criterion focusing on positive societal contributions proved to be relevant. **The Society rating - which is made up of the Business Societal Contribution and the Corporate Citizenship factors - is the dominant criterion within the fund's selection process.**

In keeping with Sycomore AM's corporate mission, the **Business Societal Contribution** is also used as a shared selection criterion within our multi-themed range of SRI funds: **Sycomore Sélection Responsable, Sycomore Francicap, Sycomore Sélection Midcap, Sycomore Sélection PME and Sycomore Next Generation.**

Finally, in 2020, Sycomore AM further extended its range of thematic SRI funds with the launch of **Sycomore Sustainable Tech**. Based on the assumption that technological progress should not happen at the expense of the planet and of individuals, the fund seeks to invest in the world's most responsible and sustainable tech companies. Against this backdrop, Sycomore AM and Gaia Capital Partners have drawn up a 'Charter for Responsible Tech' which provides a framework used to select the most virtuous companies within the sector. **The Business Societal Contribution of Tech companies, measured using a sector-specific framework based on this Charter, is one of the fund's key selection criteria.**



Methodology used to assess the Business Societal Contribution

1. Target issues

The main issues covered by the **4 pillars of the Societal Contribution described above, as well as the Sustainable Development Goals** and corresponding **targets** are shown below. Each Sustainable Development Goal includes a dozen sub-targets, some of which private companies cannot necessarily act upon. We therefore prefer to use targets that enable us to qualify the contributions to a Goal in more detail.

Some of the issues included within our analysis process are not directly addressed by the Sustainable Development Goals, for example cybersecurity and the fight against obesity. If this is the case, the absence of a specific Goal or target is pointed out.

For each pillar, we also provide details on **the businesses that are exposed**: activities that we had identified as the **most likely to contribute - either positively or negatively - to each issue**.



ACCESS & INCLUSION PILLAR

ISSUE

GOAL

TARGET

EXPOSED ACTIVITIES
(positive and negative contributions)ACCESS TO BASIC
PRODUCTS AND
SERVICES

1.4

Ensure that all men and women, particularly the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership, and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and financial services including microfinance

- Banks and insurance companies
- Telecommunications
- Housing
- Transport

ACCESS TO ENERGY



7.1

Ensure universal access to affordable, reliable, and modern energy services.

- Energy production and distribution

ACCESS TO WATER
AND HYGIENE

6.1

Ensure universal, fair and affordable access to drinking water.

- Water and waste processing

6.2

Achieve access to adequate and equitable sanitation and hygiene for all.

ACCESS TO
HEALTHCARE

3.b

Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines.

- Pharmaceuticals
- Diagnosis companies

INCLUSION



10.2

Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

- Personal services and care
- Medical equipment

HEALTH & SAFETY PILLAR

ISSUE

GOAL

TARGET

ACTIVITIES EXPOSED
(positive and negative contributions)MEDICAL INNOVATION
PREVENTION AND
CARE
ADDICTION

3.4

Reduce by one-third pre-mature mortality from non-communicable diseases (NCDs) through prevention and treatment, and promote mental health and wellbeing

- Pharmaceuticals
- Diagnosis companies
- Medical equipment
- Healthcare services
- Hygiene products
- Sport
- Tobacco, alcohol, games

HEALTH THROUGH
FOOD

No dedicated target

- Farming commodities
- Food and ingredients
- Food retail
- Restaurants

POLLUTION



3.9

Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

- Energy production
- Water and waste processing
- Transport
- Tests, audits and certifications

SAFETY AT WORK



8.8

Protect labour rights and promote safe and secure working environments for all workers.

- Tests, audits and certifications

ROAD SAFETY



11.2

Provide access to safe, affordable, accessible and sustainable transport systems for all improving road safety.

- Capital goods
- Infrastructure

CYBERSECURITY

No dedicated goal

No dedicated target




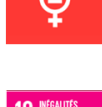

- Technology



HUMAN & ECONOMIC PROGRESS PILLAR

ISSUE	GOAL	TARGET	ACTIVITIES EXPOSED (positive and negative contributions)
TECHNOLOGICAL PROGRESS		8.2 Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation	<ul style="list-style-type: none"> • Technology (software, equipment, services...) • Telecommunications • Construction • Industry
		9 Build resilient infrastructure, promote sustainable industrialization and foster innovation	
SUSTAINABLE LIVELIHOODS		12 Ensure sustainable consumption and production patterns.	<ul style="list-style-type: none"> • Consumer goods • Textiles • Paper and packaging • Tourism
EDUCATION		4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	<ul style="list-style-type: none"> • Educational services • Technology • Publishing
SUSTAINABLE CITIES		11 Make cities inclusive, safe, resilient and sustainable.	<ul style="list-style-type: none"> • Transport • Construction • Tourism
JUSTICE AND COHESION		16.4 Significantly reduce illicit financial flows.	<ul style="list-style-type: none"> • Payments • Administrative and financial services
		17.1 Strengthen domestic resource mobilization to improve domestic capacity for tax and other revenue collection.	

EMPLOYMENT PILLAR

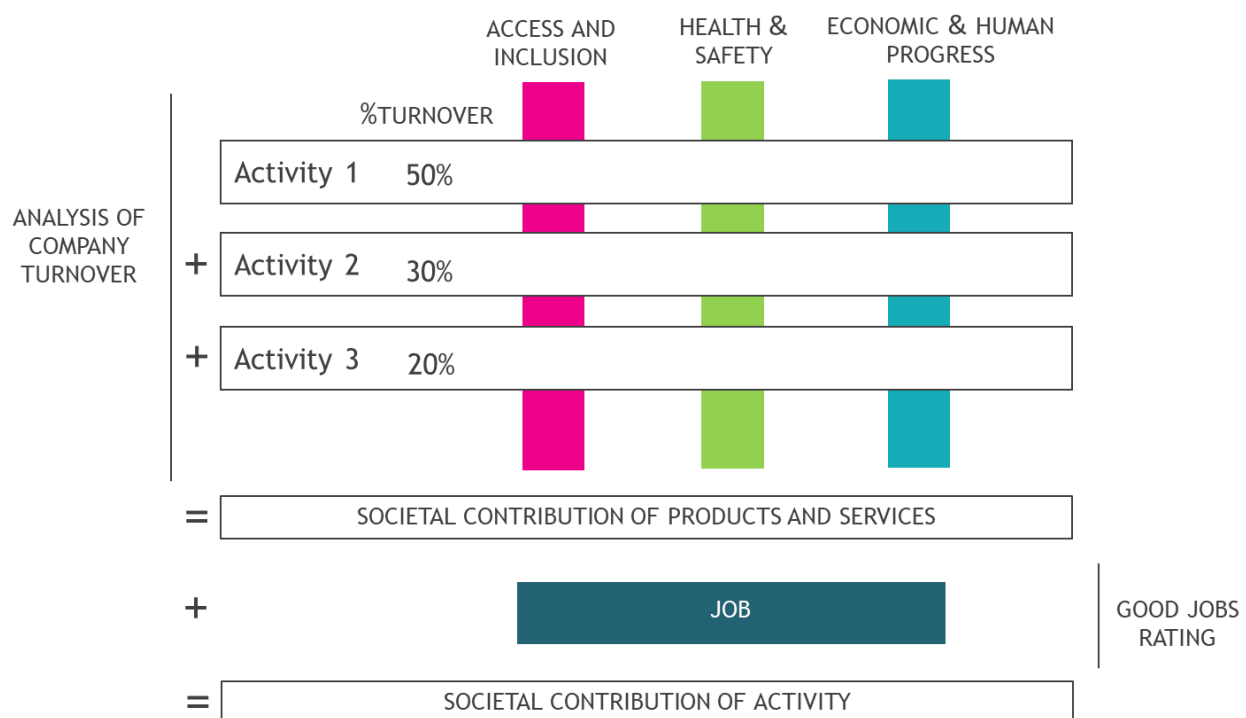
ISSUE	GOAL	TARGET	ACTIVITIES EXPOSED (positive and negative contributions)
JOB CREATION AND PRESERVATION		8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	All sectors
DECENT WORK		8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.	
ACCESS TO EMPLOYMENT FOR VULNERABLE GROUPS		8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.	
GENDER EQUALITY AT WORK		5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.	
REGIONAL INEQUALITIES		No dedicated target Reduce inequalities within and across countries.	



2. Calculation methodology

The Business Societal Contribution is the sum of a company's positive and/or negative contributions to the 4 pillars. It includes:

- **The contribution of products & services:** the contribution of each of the company's activities to the first 3 pillars (Access & Inclusion, Health & Safety, Economic & Human Progress) is assessed based on sector standards. The total contribution is the sum of the contribution of each activity to the 3 pillars, as a percentage of the sales it generates. The company's contribution to each pillar is measured on a scale of -100% to +100%.
- **Contribution through employment:** the contribution of a company as an employer is assessed using the *Good Jobs Rating*, a dedicated metric described in Part 4 of this document. It can vary between -25% and +25%. This scale has been defined to give the contribution of products & services a greater weight in the Business Societal Contribution, as it is in our view the main contribution lever of a company.



Adding up a company's contributions to the 4 pillars enables us to reflect the multi-faceted nature of societal analysis. It provides a comprehensive vision of a company's societal contribution. As such, a company creating moderate positive contributions towards several issues can display a Societal Contribution similar to a company that contributes more strongly, but to one issue only.

The Business Societal Contribution theoretically ranges between -325% and +325%. In practice, we have observed that it rarely exceeds -100% and +100%, as few companies are able to contribute positively or negatively to the 4 pillars with maximal intensity. For this reason, and for improved readability, the metric is capped at -100% and +100%.








3. The Societal Contribution of products and services

3.1. Methodology principles

The Societal Contribution of products and services is analysed based on a proprietary methodology split into sector specific frameworks. While the issues and indicators used vary for different industries, all sector frameworks are built according to the shared methodological principles described below.

In order to determine the intensity of a contribution, the methodology relies on the 5 dimensions of Impact, as laid down in the Impact Management Project, a joint initiative designed to develop shared standards for the measurement, management and reporting of impacts.

Impact dimension	Impact questions each dimension seeks to answer
 What	<ul style="list-style-type: none"> •What outcome is occurring in the period? •Is the outcome positive or negative? •How important is the outcome to the people (or planet) experiencing them?
 Who	<ul style="list-style-type: none"> •Who experiences the outcome? •How underserved are the affected stakeholders in relation to the outcome?
 How Much	<ul style="list-style-type: none"> •How much of the outcome is occurring - across scale, depth and duration?
 Contribution	<ul style="list-style-type: none"> •Would this change likely have happened anyway?
 Risk	<ul style="list-style-type: none"> •What is the risk to people and planet that impact does not occur as expected?

Source: Impact Management Project

WHAT

- What outcome is occurring in this period
 - Is the outcome positive or negative?
 - How important is the outcome to the people (or planet) experiencing them?
- The Business Societal Contribution takes into account the positive and negative contributions of a given activity.

Example: within the energy production industry, a company's positive contribution to providing access to an essential service is recognised independently from the source of energy that is used. Nevertheless, the production of energy from oil and coal is assigned a negative contribution to air quality, considered to be a fundamental public health issue.

- How important is the outcome for the people or environment concerned?
- The data that would enable us to assess the importance of these outcomes for the stakeholders experiencing them is very limited; as a result, this dimension has not been formally integrated to the methodology. It is taken into account on a case-by-case basis, when impact assessments including this type of data are available.

**WHO**

- Who experiences the outcome?
- How underserved are the affected stakeholders in relation to the outcome?
 - The Societal Contribution varies depending on the groups of people affected by the activity. Higher contributions are assigned to companies addressing markets where the need in question is considered to be underserved, as well as offerings that specifically target groups of people who experience difficulties accessing the product or service in question.

Example: within the banking industry, the highest contributions are given to microfinance activities, serving groups of people otherwise excluded from the traditional banking system.

HOW MUCH

- How much of the outcome is occurring - across scale, depth and duration?
 - The methodology relies as much as possible on data sourced from public institutions or from key independent sources in order to measure the quality and/or quantity of the contribution of the products and services under analysis.

Example: within the pharmaceutical sector, when the data is available, the methodology uses the following information as input:

- Statistics published by the World Health Organisation on the number of people affected by key health issues on a global scale;
- The assessment of the medical service provided, reported by a number of health authorities as part of the approval process for a new drug - which gives indications on the depth of the expected change for the patient.

CONTRIBUTION

- Would this change likely have happened anyway?
 - The Societal Contribution of an activity rises proportionality with the innovative nature of the solution provided, and its ability to generate a higher positive societal contribution than the most widespread solution.

Example: within the care & personal services industry, a higher Societal Contribution is assigned to diversified business models offering alternative and less widespread solutions than medical nursing homes (home care services, home-sharing for people who cannot live alone).

RISK

- What is the risk to people and planet that impact does not occur as expected?
 - The methodology takes into account the degree of visibility we have on the potential impacts of an activity.

Example: within the IT services industry, when the applications of a solution and its users are too diverse to enable an assessment of the final societal contributions, a neutral Societal Contribution (0%) is assigned to the company.



3.2. Calculation methodology

There are three types of contributions:

- The **baseline** is determined based on the nature of the business. It varies from -100% to +100%, with tiers set at 25%.
- **Specific contributions** come in addition to the baseline and provide finer details (for example: breakdown of turnover per country, per category of foods products, per client type...). It varies from -100% to +100%, with tiers set at 25%.
- A **bonus/penalty** system is used for contributions that are difficult to quantify or that are insignificant in terms of turnover, but which we consider to be material. Their value ranges between +10% and -10% respectively.

3.3. Example of sector framework: Utilities

The sector's contributions are considered to be material with respect to 3 main societal issues:

- Access to energy (SDG 7.1 in particular)
- Access to water and a healthy environment (SDGs 6.1, 6.2 and 3.9)
- Economic development and the fight against poverty (SDG 1.4 in particular)

The calculation methodology used for companies within the sector is summarised below. A basic contribution - in the form of access to energy or access to water and a healthy environment - is assigned to all industry players. Specific contributions, based on the energy and regional mix, can then be added. Companies providing products or services dedicated to groups of people who have difficulty accessing energy can benefit from a +10% bonus which is applied to the final Societal Contribution.

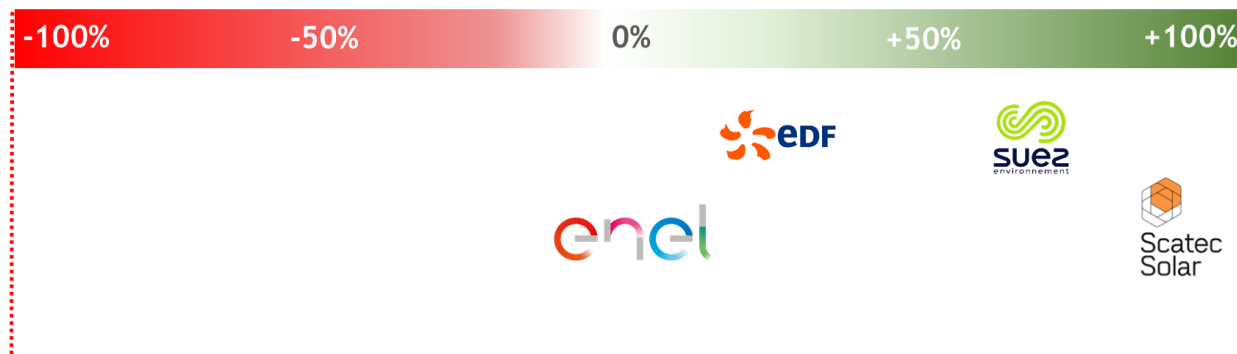
INDICATOR TYPE	INDICATOR	UNIT	DESCRIPTION	CONTRIBUTION ACCESS & INCLUSION
Basic Contribution	ENERGY PRODUCTION / DISTRIBUTION	% sales	Basic service, essential to ensure the running of the economy.	+25%
Basic Contribution	WATER/WASTE PROCESSING	% sales	Basic service, essential to ensure the running of the economy.	+25%
Specific Contribution - Energy	ENERGY MIX	% production / distribution per energy source	Different energy sources contribute in varying degrees to energy independence.	RENEWABLE: +25% NUCLEAR: 0% FOSSIL: -25%
Specific Contribution - Energy	REGIONAL MIX	% sales or % EBITDA per country	Stronger additionality in areas of lower coverage.	EMERGING COUNTRIES: +25% DEVELOPING COUNTRIES: +50%
Bonus	PRODUCTS/SERVICES DEDICATED TO VULNERABLE GROUPS	Not quantifiable as a % of sales	Stronger additionality for offerings targeting groups with poor access to energy (e.g.: Schneider Electric's Access to Energy range)	+10%

INDICATOR TYPE	INDICATOR	UNIT	DESCRIPTION	CONTRIBUTION HEALTH & SAFETY
Basic Contribution	WATER/WASTE PROCESSING	% sales	Basic service, essential to ensure public health.	+25%
Specific Contribution Water/waste	REGIONAL MIX	% sales or % EBITDA per country	Stronger additionality in areas of lower coverage.	EMERGING COUNTRIES: +25% DEVELOPING COUNTRIES: +50%
Specific Contribution - Energy	ENERGY MIX	% production / distribution per energy source	Different energy sources contribute in varying degrees to air pollution.	OIL: -50% COAL: -100% OTHER: 0%



Companies producing and distributing renewable energy operating exclusively in developing countries are assigned the highest Societal Contributions within the sector, to reflect their significant contribution towards access to energy, energy independence and economic development, as well as the preservation of air quality. Dependency on energy sources displaying high negative contributions to air quality, such as coal and oil, reflects particularly poorly on the Health & safety pillar and these companies receive the lowest Societal Contributions within the sector.

Examples of Business Societal Contributions within the Utilities sector:



Source: Societal contributions of products & services calculated by Sycomore AM, using 2019 and 2020 data.
We would like to draw our readers' attention to the fact that Sycomore Asset Management is solely responsible for the information contained in this document. This report was drawn up purely for information purposes and is not intended as an investment offer, bespoke recommendation or solicitation to purchase investments.

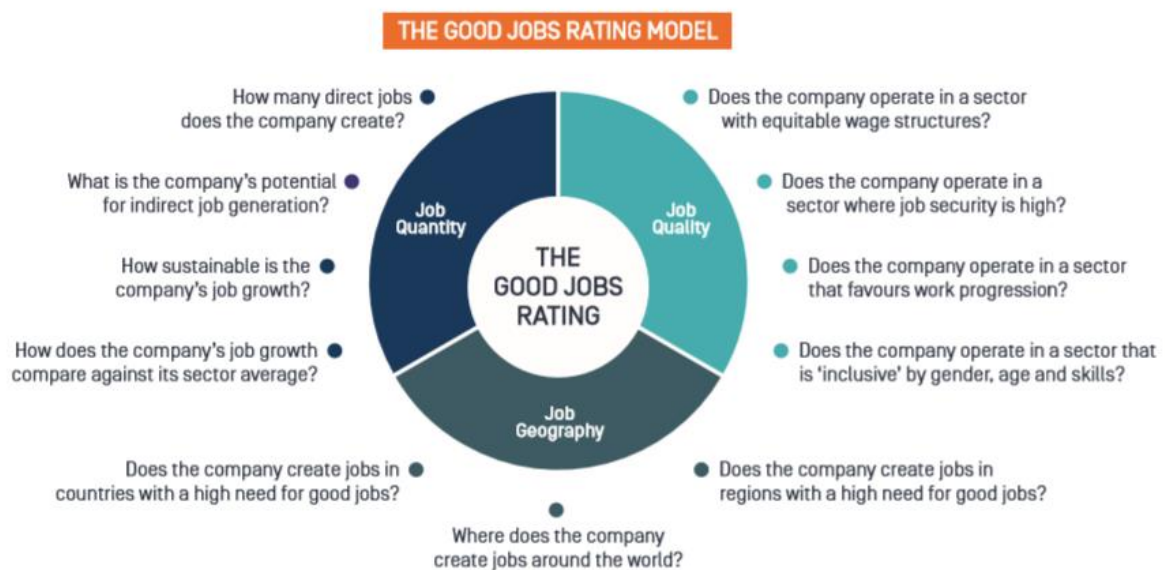


4. Societal Contribution of Employment

A company's contribution to the Employment pillar is assessed based on *The Good Jobs Rating*, a dedicated metric developed by Sycomore AM in partnership with The Good Economy, a consultancy firm specialised in impact measurement and management.

The Good Jobs Rating assesses a company's overall ability to create sustainable and quality job opportunities for all, and notably in areas - countries or regions - where employment is relatively scarce and therefore needed to ensure a sustainable and inclusive development.

Three dimensions - QUANTITY, QUALITY & INCLUSION - are used to analyse the Employment factor. The methodology draws on company data, as well as regional and sector-based macroeconomic data.



The indicators used for each of the dimensions of the metric are described below. For more information on the development of the metric and on its use, a [specific report](#) on the Good Jobs Rating is available on our website, in the section dedicated to *Our Responsible Approach*.



QUANTITY

This dimension assesses both direct and indirect job growth. A company creates jobs directly through the growth of its workforce and indirectly through its value chain. A company's employment growth also has induced effects on job creation in other sectors of the economy through the consumer spending of its employees.

A combination of six metrics is used to assess a company's direct and indirect job growth, the sustainability of its job creation (based on revenue growth) and the comparative performance of the company versus the average for the main sector(s) in which it operates. We adjust the company's direct job growth performance where it is mainly attributable to merger and acquisition activity.

For "indirect job growth", we use sector-based "Type 1 Employment Multipliers" which measure jobs created in the supply chain. To capture induced jobs, we factor in the company's sector average earnings together with the size of the company's workforce - as determinants of potential spending power and its induced effects on job creation. We do not use the sectoral metric "Type 2 Employment Multipliers", which includes both indirect and induced effects, due to lack of data availability.

INDICATORS	JOB QUANTITY METRICS (BASED ON COMPANY DATA)
Direct Job Growth	Growth in the company's total workforce (3-year) – contribution to the global need for total job growth
	Growth in revenue per employee – contribution to the global need for sustainable (long-term) job
	Company versus sector job growth – contribution to the global need for higher rates of job creation within sectors
Indirect Job Growth	Indirect employment – contribution to the global need for indirect job growth (supply chains) estimated by the company's sector employment multiplier
	Average earnings – contribution to indirect job growth in sectors that potentially benefit from the spending power of the company's employees
	Number of employees – contribution to indirect job growth potentially arising from the size of the company's workforce (multiplier effect)

**QUALITY & INCLUSION**

A combination of 10 metrics is used to assess five indicators selected to capture the social quality of a company's jobs. These are earnings fairness, job security, training-led work progression, gender equality in employment and higher management jobs, and accessibility to job opportunities for marginalised workers (younger people, older people and less skilled workers). A company's performance on job quality is measured indirectly by how its constituent sector performs on average.

INDICATORS	JOB QUALITY METRICS (BASED ON SECTOR DATA)
Earnings Fairness	Earnings fairness – comparison of the level of skills in the company's sector with the share of 'low-paid' workers in the sector (non-exploitative practices). (A company would score well if its sector employs less low-paid workers than expected according to the level of skills)
	Earnings distribution – equitable wage structure for skilled and unskilled positions in the company's sector
Job Security	Risk of unemployment – share of jobs vulnerable to redundancy in the company's sector
	Permanent employees – share of workers on permanent contracts in the company's sector
Employability	Occupational mobility – share of training-intensive occupations enabling work progression in the company's sector
Gender Equality	Female employment – access to all job opportunities for women in the company's sector
	Female management – access to management-level job opportunities for women in the company's sector
Inclusion of Marginalised Workers	Youth employment – access to job opportunities for school leavers and graduates in the company's sector
	Low skilled employment – access to job opportunities for workers with low qualifications in the company's sector
	Older workers – access to job opportunities for older workers in the company's sector



GEOGRAPHY

The Job Geography dimension covers two aspects of the territorial footprint of companies: the companies' national locations compared to the societal need for jobs at the national level and the companies' headquarters locations compared to the societal need for jobs at regional level. This second aspect aims to assess the companies' regional employment footprint. This has some merit given national and regional authorities value corporate head offices for their range of high-quality jobs and outsourcing activities, as well as their links to community activities and policy-makers.

A combination of 10 metrics is used to assess the level of societal need for jobs across geographies, grouped under three indicators: inclusive job growth conditions (working poverty, income inequality and low incomes/earnings); full employment conditions (unemployment, economic activity rates, informal employment and youth labour market); and sustainable job growth (based on labour productivity and economic growth).

INDICATORS	GLOBAL AND REGIONAL METRICS (NATIONAL AND REGIONAL SOCIO-ECONOMIC DATA)
Inclusive Growth	Earnings – countries/regions challenged by low average earnings
	Working poverty (Global) – countries challenged by severe working poverty problems
	Income inequality (Global) – countries challenged by high levels of income inequality
	Disposable income (Regional) – regions challenged by low average incomes
Full Employment	Non-agricultural employment (Global) – countries needing job creation in higher productivity industries and services
	Economic activity – countries/regions challenged by low rates of labour market participation
	Unemployment – countries/regions challenged by high unemployment and 'worklessness' problems
	NEETs (Young people Neither in Employment nor in Education and Training) (Regional) – regions where a high proportion of young people face poor work futures due to a lack of engagement in education, training and work
Sustainable Growth	Growth in labour productivity – countries/regions challenged by low labour productivity growth that undermines the sustainable growth of earnings and material living standards for all
	Growth in output per capita – countries and regions challenged by unbalanced economic growth that leads to social and regional inequalities in good job creation



5. Limits and future developments

As mentioned in our introduction, quantifying the societal impacts of business activities is a vast undertaking - but which is developing fast. The process raises many challenges, starting with the diverse nature of the issues and their interactions, the difficulty in quantifying societal phenomena, local specificities and the lack of consensus on the solutions able to address different challenges.

The methodology is based on shared standards such as the Sustainable Development Goals and the 5 dimensions of impact, as defined by the Impact Management Project. Nevertheless, the emergence of a societal classification for standard activities - equivalent to the European Union's green taxonomy on environmental issues, would enable us to go one step further in aligning our methodology with shared benchmarks.

Access to detailed and homogenous data on the companies included within our investment universe is another major difficulty which weighs on the accuracy of the metric. Most companies publish very limited details on their turnover per product, per country/region, per client category or on the breakdown of their headcount per country - key information for measuring the societal contribution of a given activity. The large size of some of the companies within our universe, their global presence and the complexity of their business limits our ability to make precise data estimates.

Finally, while some companies are starting to publish more advanced indicators on their societal contribution, they usually do so on the basis of their own methodologies, details of which are not made public, which makes comparisons with other companies difficult. Furthermore, most companies focus on the measurement of positive contributions, which limits access to data that would enable us to measure negative contributions. Given the context, the dialogue we hold with companies is our main lever for action, as we strive to convince them of the benefits of better transparency on such issues, for their stakeholders.

Sycomore AM is committed to the continuous improvement of its analysis tools. This methodology is expected to evolve over time, as new shared standards emerge and new data becomes available.

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